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## U.S. Pledges “Fair Treatment” to China in Export Control Reforms

Although the U.S. carved China out of most benefits from the export control reform initiative, American officials still promised “to give fair treatment to China” during the reforms, according to a joint statement the U.S. and China issued at the end of July 10-11 bilateral talks under the Strategic and Economic Dialogue (S&ED) in Washington. The U.S. will “consider China’s concerns seriously by promoting and facilitating bilateral high-tech trade with China of commercial items for civil end uses and civil end users. Both sides reaffirm to work through the U.S.-China High Technology Working Group (HTWG) to discuss export control issues,” the statement said.

The Chinese have raised export controls at each of the five S&ED meetings and in other bilateral talks and have usually received the same U.S. answer. “During the Annenberg summit last month, President Xi Jinping also made such a request to President Obama,” Zhu Guangyao, China’s vice minister of finance, told a press conference July 11 at the end of the S&ED meeting. “President Xi emphasized the need for the U.S. side to relax its export controls on high-tech civilian use products to China,” Zhu said.

“This, indeed, has been an issue that has been discussed in the previous rounds of the S&ED, and we have also asked the U.S. side to treat the requests from the Chinese in a fair and objective way and to take the Chinese policy pursuit seriously,” Zhu said through a translator. “During this round of the S&ED, the U.S. side did show its cooperative spirit,” he said. “We hope that these commitments made by the U.S. side are sincere and serious and will be put into reality,” the Chinese official added. “That’s why we emphasized on a number of occasions to the U.S. side why we shouldn’t only listen to the steps on the stairs, but also see someone coming down the stairs,” Zhu said.

## Mexico Threatens Retaliation Against U.S. Tuna Labeling Rule

Mexico’s dispute with the U.S. over dolphin-safe tuna labeling isn’t over yet, despite U.S. publication of new rules that Washington claims have resolved the problem. Mexico says regulations that the National Oceanic and Atmospheric Administration’s National Marine Fisheries Service (NMFS) published July 9 do not comply with the World Trade Organization (WTO) decision against the previous rule, and it will go back

to the WTO to challenge the new regulations (see **WTTL**, May 21, 2012, page 5). The rule “continues to provide for two different policy regimes: (i) a highly effective one in the area in which Mexico fishes (Eastern Tropical Pacific Ocean) with internationally agreed upon measures to protect dolphins and (ii) a lax and unguarded one unilaterally established for other areas where U.S. and other fleets fish and where there continues to be a high dolphin mortality rate,” Mexico’s Ministry of Economy said in a statement July 11. The rules revise NMFS storage and reporting requirements.

“Once the U.S. violation is confirmed by the WTO, Mexico will be in a position to impose trade sanctions against the United States, for which it will consider suspending benefits across a variety of sectors. This suspension of trade benefits shall continue until the United States properly implements the WTO decision,” the ministry added, according to a translation of the statement.

“Mexico submitted formal comments in opposition to the proposed rule because it fails to meet the recommendations of the WTO as it maintains incentives for fishing practices that are highly destructive to marine species. Additionally, Mexico officially informed the Office of the United States Trade Representative that the new proposed rule does not comply with the WTO decision as it continues the discriminatory effect on Mexican tuna exports,” it added.

U.S. Trade Representative (USTR) Michael Froman said the revised rules bring the U.S. into compliance with the WTO ruling “in a way that enhances, and does not weaken, our ‘dolphin safe’ labeling program.” He said the new rule ensures that U.S. consumers receive accurate information on tuna fishing methods. “These changes demonstrate that the United States can provide consumer information, protect dolphins, and avoid discrimination between WTO Members consistent with WTO rules,” he said in a statement.

The final NMFS regulation modifies the requirements for the Fisheries Certificate of Origin (FCO); changes storage requirements for tuna on board fishing vessels; modifies the reporting requirements for tracking domestic tuna canning and processing; and creates other new requirements for processors, other than tuna canners, of tuna products labeled dolphin-safe. As originally proposed April 5, the final rules require, as a condition of labeling tuna dolphin-safe, that authorized observers on board the vessel “certify that no dolphins were killed or seriously injured in the sets or other gear deployments in which the tuna were caught.”

The WTO Appellate Body had ruled U.S. tuna rules constituted a “technical regulation” under the WTO Technical Barriers to Trade (TBT) Agreement and U.S. application of the law provided Mexican tuna less favorable treatment than is given U.S.-caught tuna and tuna caught in other parts of world using different techniques than addressed in the regulations. The revised final rule becomes effective July 13.

## **Industry Wants Clear Lines, Quick Transfer of Satellites**

They want it, and they want it yesterday. U.S. exporters are clearly impatient to get commercial satellites transferred from the U.S. Munitions List (USML) to the Commerce Control List (CCL), according to industry comments released July 8 on the proposed move. At the same time, firms remain concerned that items left on the USML that are

used in commercial satellites will leave unresolved the long-term problem of State's "see-through" rule, which could still bring commercial satellites back under the International Traffic in Arms Regulations (ITAR). The comments responded to proposals by Bureau of Industry and Security (BIS) and State's Directorate of Defense Trade Controls (DDTC) to clarify controls on items in USML Category XV (satellites) and to move satellites to the CCL (see **WTTL**, May 27, page 1).

In its comments, the Satellite Industry Association (SIA) noted the possible overlap between BIS and State jurisdiction. "There are several items proposed for control under USML Category XV which, depending on their interpretations, may capture components that are incorporated into numerous satellites proposed for control under ... Export Control Classification Number (ECCN) 9A515," it said.

"Clarification on how the see-through rule would apply in cases such as these would help reduce confusion within the commercial satellite industry while also easing the burden placed on licensing officers," the group wrote. "SIA recommends treating such USML-controlled components that are incorporated into completed spacecraft prior to export as under Commerce jurisdiction," it added.

IBM urged BIS and DDTC to waive the six-month delayed effective date, which other companies had requested to give them time to comply with the changes. "The lengthy implementation period for the Proposed Rules likely will have a direct impact on IBM's (and other similarly situated U.S. semiconductor companies') ability to conduct commercial business in the ordinary course, risking our technological edge, revenues and jobs," the company noted. "The addition of a subsequent 180 day delay in implementation puts an effective date sometime in mid-2014. For an industry driven by speed and where competitive advantage is sometimes measured in days, this extended implementation creates a high level of uncertainty and risk," it added.

The Semiconductor Industry Association expressed concern over the level of controls on transferred items, which will move to a new "500 series" of ECCNs. "The controls imposed on '500 series' items that are purely commercial should be significantly less stringent than the controls imposed on '600 series' items. In particular, there is no need for a presumption of export denial for exports of '500 series' items to countries subject to an arms embargo policy," the group noted.

"The proposed definition of 'space qualified' provided in the Proposed EAR Revisions is both overly broad and unduly open-ended and ambiguous and therefore merits further clarification," it added. "First, it is inappropriate for any item that is not 'specially designed' for spacecraft to be deemed 'space qualified.' Second, BIS provides no definition of 'qualified through successful testing.' To be 'qualified' an item must be rated or certified to operate at altitudes greater than 100 km above the surface of the earth," the group said.

Intelsat also highlighted the need for further clarification on controls. "9E515.a and 9E515.b are far too general and do not account for varying sensitivities of technologies for parts and components. The aircraft rule represents a more positive list approach to controlling parts and technologies based on their national security sensitivity. For example, 9E619 divides technologies for items that are STA-eligible, not STA-eligible, and merely AT-controlled," the company commented.

## U.S., China Make Lots of “Commitments” at End of S&ED Talks

The U.S. and China made lots of commitments to improve trade and security relations at the end of the fifth annual session of the Strategic and Economic Dialogue (S&ED) July 11, but actually agreed on few things. In a final joint statement the two sides identified 90 separate actions they intend to take, including the launching of formal talks on a Bilateral Investment Treaty (BIT), but most of these agreements, as in previous S&ED and bilateral summits, are aspirational, promising future work, cooperation, consideration and reviews (see related story page 5).

In addition to BIT talks, the Chinese said they would submit another proposal by the end of 2013 for joining the World Trade Organization (WTO) Government Procurement Agreement (GPA). U.S. officials said a GPA proposal the Chinese submitted last year was inadequate.

The new offer will respond to requests from the U.S. and other GPA members for “lowering thresholds, increasing coverage of sub-central entities, and improvements in other areas,” the statement said. “China is to submit a new revised GPA offer with broader coverage as soon as possible, based on the domestic reform progresses in relevant areas, which will take the requests of the GPA parties into consideration. The United States and China is to exchange lists of questions on both countries’ procurement systems and the requirements of the GPA that will form the basis for on-going technical discussions beginning this summer,” it noted.

Among the other wide-ranging promises was a U.S. commitment to consult with China “in a cooperative manner to work toward China’s Market Economy Country Status in an expeditious and comprehensive way.” On the sensitive issue of the review of foreign investment by Committee on Foreign Investment in the United States (CFIUS), the U.S. said its reviews will “focus exclusively on national security, not economic or other national policies.” The Chinese agreed to have its financial regulators share with U.S. regulators their audit information on Chinese firms listed on U.S. stock exchanges.

Both sides renewed their support and commitment to the International Working Group on Export Credits “to negotiate sectoral guidelines for ships and medical equipment so as to make concrete progress towards a set of international guidelines on the provision of official export financing that, taking into account varying national interests and situations, are consistent with international best practices, with the goal of concluding an agreement by 2014.” Separately, a Treasury fact sheet said the guidelines will “help ensure that U.S. exports are not disadvantaged by cheap Chinese government financing.”

At the opening session of talks July 10, Vice President Biden told the two delegations that there is “no more important relationship” for the U.S. than China, stealing a line the late Mike Mansfield, the former U.S. senator from Montana and ambassador to Japan, once used to describe the U.S. relationship with Japan. Biden acknowledged the disagreements between the two countries but also noted areas of cooperation on climate change, energy and keeping North Korea from expanding its nuclear program. “Your country’s rise is good for America,” Biden told the Chinese.

The opening ceremonies resembled a fraternity reunion more than diplomatic negotiations. Many of the officials from both sides know each other well and have worked together before. On his arrival, USTR Michael Froman gave warm welcomes and

handshakes to many of the Chinese officials, reflecting their contacts during previous meetings of U.S. and Chinese leaders and of the G-20. Chinese State Counselor Yang Jiechi said the S&ED talks aim to build on the “blueprint” that President Obama and Chinese President Xi Jinping agreed on during their meeting in California June 7-8 (see **WTTL**, June 10, page 9). He said China has established a Two Century Goal to mark the 100th anniversary of the People’s Republic. One of those goals is to “deepen cooperation” with the U.S., including at the sub-national level and to increase exchanges.

Before the beginning of the S&ED talks, House Ways and Means Committee Chairman Dave Camp (R-Mich.) and Ranking Member Sandy Levin (D-Mich.) plus Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Orrin Hatch (R-Utah) sent Obama administration officials a letter July 9, calling on them to urge China to “rebalance its economy, and establish a clear path to achieve market-based reforms.” The lawmakers said they “remain very concerned that China has halted – and in many cases reversed – its market reforms.”

### **China Cautions on Coverage of Bilateral Investment Treaty**

In agreeing to launch “substantive” negotiations with the U.S. on a Bilateral Investment Treaty (BIT), China made a major concession to base a treaty on pre-establishment, national treatment and a negative list of excluded sectors. Nonetheless, Chinese officials caution that the coverage of the BIT in terms of sectors covered and the application of existing measures will be the subject of hard negotiations. The agreement to start BIT talks was one of the major results touted at the end of the July 10-11 meeting of the U.S.-China Strategic and Economic Dialogue (S&ED) in Washington.

Although the U.S. said all sectors would be covered by the BIT with only a few exceptions, “I need to remind you that this depends on the results of our negotiations, because the negotiations is a long-term process, and the difficulty of such negotiations cannot be underestimated,” Zhu Guangyao, China’s vice minister of finance, told a closing session press conference July 11. “But our two sides have confidence and believe through hard negotiations a sound result will be achieved,” he said through a translator.

Zhu said President Obama raised the BIT issue with Chinese President Xi during their bilateral summit in California in June. “Since then, we have had a careful study of the proposal from President Obama, and we have made a careful review of all the Bilateral Investment Treaties China has entered into and we have also taken into account the national conditions, the reality, in China,” Zhu said.

“China needs to open up wider to the outside world and this is the trend of the times we need to follow,” he added. Zhu also noted that U.S. firms have invested \$70 billion in China, while the Chinese have invested \$20 billion in the U.S. plus \$1.2 trillion in U.S. Treasury bonds. “With such extensive investment it is necessary for the two sides to have an institutional environment for the protection of these investments,” he stated.

At the closing session of the S&ED, Treasury Secretary Jacob Lew called China’s agreement to enter into negotiations over a BIT that covers “all stages of investment and all sectors, a significant breakthrough and the first time China has agreed to do so with

another country.” The agreement to enter talks “with the kind of features that they are willing to accept shows a commitment to opening markets, which is so important to our exporters,” Lew added later at a press briefing.

The U.S. and China have held nine rounds of technical talks on a BIT since 2008 and agreed to step up those negotiations in May 2012. More detailed talks began in October 2012. The coverage of pre-establishment in other BITs has generally provided for new investments, acquisitions and expansion. China already has several BITs, including with Germany and Canada.

“The United States and China recognize that a Bilateral Investment Treaty (BIT) that sets high standards, including openness, non-discrimination, and transparency, would be important to both sides, and welcome the progress made in the BIT negotiations to date,” declared a joint S&ED statement. “The two sides reaffirm their shared commitment to enhance openness, accord fair and equitable treatment, and contribute to the reduction or elimination of discriminatory practices and market barriers,” it said. “The BIT will provide national treatment at all phases of investment, including market access (pre-establishment), and be negotiated under a ‘negative list’ approach,” the two sides agreed.

## **U.S., EU Satisfied with TTIP Talks, Look Toward Next Round**

U.S. and European Union (EU) trade officials said they were satisfied with the progress of the first round of talks toward a Transatlantic Trade and Investment Partnership (TTIP), which concluded July 12. “It’s been a very productive week,” said EU Chief Negotiator Ignacio Garcia-Bercero in a statement at the end of the talks. “The main objective has been met: we had a substantive round of talks on the full range of topics that we intend to cover in this agreement. This paves the way for a good second round of negotiations in Brussels in October,” Garcia-Bercero noted.

“During the meetings, each side presented to the other its ideas on how to proceed, how various chapters might be addressed, and how specific issues might be dealt with in an agreement,” USTR Michael Froman said. These very productive discussions set the stage for increased substantive engagement at a second round in the fall,” he said in a statement.

The first week of talks involved 20 negotiating groups, covering such areas as market access for agricultural and industrial goods, government procurement, investment, energy and raw materials, regulatory issues, sanitary and phytosanitary measures, services, intellectual property rights, sustainable development, small- and medium-sized enterprises, dispute settlement, competition, customs/trade facilitation, and state-owned enterprises.

At the opening session of the talks July 8, Froman told negotiators that he and EU Trade Commissioner Karel De Gucht “intend to stay very much involved in these negotiations.” While negotiators will have space to find solutions to problems that are likely to arise, Froman said he and De Gucht want to avoid unnecessary delays in the talks. “When you have difficulties working through issues, know that you will have my support to help reach a mutually beneficial and comprehensive outcome – an outcome that meets the economic priorities of both the United States and the European Union,” he advised the U.S. and EU teams. “We go into this exercise with eyes wide open,” Froman said, according to prepared remarks released by his office. “We know there will be challenges. But we

also know that there is strong political will at the highest levels on both sides of the Atlantic determined to stay focused and get this done on one tank of gas. I have every confidence that we can achieve this goal,” he said.

Stakeholders attending a USTR-sponsored “engagement event” July 10 with U.S. and EU delegations received a surprise visit from Froman and Chief U.S. Negotiator Dan Mullaney at the conference room where they were gathered. Froman and Mullaney went around the room meeting with several dozen industry and public sector representatives, spending several minutes with each of them to hear what issues they were concerned about.

“He was very familiar with our issues,” one industry representative told WTTL after he spoke with Froman. Before Froman’s appearance, some 50 groups made oral presentations on the TTIP. Most of the statements repeated comments made at hearings on the deal and in public written comments (see **WTTL**, May 20, page 3).

### **Critics Warn of Consequences from Transatlantic Trade Pact**

Labor, environmental and consumer groups foresee dire consequences from a potential transatlantic free trade agreement, claiming corporate interests have hijacked the agenda for a deal and intend to use it to lower health and safety standards in both the U.S. and Europe. At the start of talks July 8 on a U.S.-EU Transatlantic Trade and Investment Partnership (TTIP), representatives of groups that criticize the talks warned that negotiations could lead to lower food standards, restrictions on labeling for genetically modified organism (GMOs), weakening of EU chemical rules, increased use of “fracking” to extract natural gas, undermining U.S. financial regulations and limits on “Buy America” requirements.

They also questioned the need for investor-state dispute-settlement provisions in a TTIP, arguing that the U.S. and EU legal systems provide companies with adequate legal protections. The inclusion of such provisions would allow EU firms “to bypass domestic courts” to the disadvantage of U.S. business, Celeste Drake of the AFL-CIO said on a conference call with reporters July 8. Also on the call were representatives from the Sierra Club, Ralph Nader’s Public Citizen, the Institute for Trade and Agriculture Policy, and Friends of the Earth.

The speakers said they hoped the European Parliament, which just as the U.S. Congress will have to approve any deal, would vote to block any agreement that weakened EU rules. They pointed to the parliament’s rejection of the Anti-Counterfeiting Trade Agreement (ACTA) as a sign of its willingness to say no to a deal that doesn’t meet its standards. Nonetheless, the parliament will face “an enormous force of gravity” to approve an agreement, said Lori Wallach, head of Public Citizen. It’s “a game of chicken” that will press European lawmakers to accept the accord, she said.

Separately, in a July 8 letter to President Obama, European Commission President Barroso and EU President Van Rompuy, 63 U.S. and European labor, environmentalist, privacy, food safety, consumer and church groups renewed complaints about “the use of behind-closed-door trade negotiations to change and lower public interest measures for the sake of commercial interests.” The letter also raised concerns the impact a deal

might have on affordable medicines, climate change, safe drugs, medical devices and medical devices and regulation of emerging technologies. “We will be monitoring the negotiations closely and will defend our rights against behind-closed-door decision-making at the service of corporate interests,” the groups wrote.

## **EU Requests Consultations with Russia on Vehicle Recycling Fee**

The EU struck the first blow against Russia’s failure to meet its WTO obligations, requesting WTO consultations with Moscow July 9 on its so-called “recycling fee” on cars, trucks, buses and other vehicles. Both the EU and U.S. have complained about the fee in previous discussions with Russia without success (see **WTTL**, June 24, page 8).

“The European Commission has pursued every diplomatic channel for almost one year now to find a solution with our Russian partners on this matter but to no avail. The fee is incompatible with the WTO’s most basic rule prohibiting discrimination against and among imports,” said EU Trade Commissioner Karel De Gucht in a statement.

While the fee is imposed on all imports from the EU, vehicles produced in Russia are exempted. An exemption is also available for vehicles imported from Kazakhstan and Belarus, which are part of a customs union with Russia, the EU said. The Russian Duma reportedly was due to discuss a harmonization of the fee, but is now not due to return until late August, putting any official response on hold.

Russia introduced the fee Sept. 1, 2012, just ten days after joining the WTO. For cars, the fee converts to about \$550 to \$3,500 for a “new” vehicle and from \$3,400 to \$22,400 for a vehicle older than three years, the EU noted. For some vehicles, such as certain mining trucks, the fee can rise to as high as about \$193,000, the EU complained.

## **U.S. Apparel Importers Act on Bangladesh Worker Safety**

U.S. apparel firms and retailers launched a comprehensive program July 10 to improve worker safety in Bangladesh clothing factories where their goods are made and to calm public outrage over the poor working conditions in those factories. The program, called the Alliance for Bangladesh Worker Safety, promises to inspect 100% of the factories that produce clothing for the apparel importers and to develop safety standards for those facilities. The program responds to the public outcry that followed the death of 1,000 Bangladeshi workers in a fire at the Rana Plaza factory that manufactured clothing for U.S. firms (see **WTTL**, July 1, page 8). Bangladesh has become the second-largest garment manufacturer in the world after China.

Companies participating in the alliance have pledged contributions to fund the program based on their volume of imports from Bangladesh, with some firms contributing \$1 million a year for five years. Currently, the fund has \$42 million. In addition to the inspections and standards, the program will establish “hotlines” for workers to call with complaints, will issue semi-annual progress reports and will have a board of directors to oversee its implementation. The U.S. firms decided not to join the Accord on Fire and Building Safety in Bangladesh that was adopted by apparel importers in Europe and Canada and negotiated with Bangladeshi and international unions. The U.S. importers

didn't participate in the accord because "there is a different legal environment in Europe and Canada," Jay Jorgensen, Walmart's global chief compliance officer, told a press conference. The accord would subject U.S. companies "to unlimited liability and litigation," he said. In addition to Walmart, participants in the alliance include Gap, Nordstroms, J.C. Penney, the Jones Group, VF Corporation, Macy's and Target.

Bangladesh's Ambassador to the U.S., Akramul Qader, told the press conference that the Bangladesh parliament is considering changes to the country's labor laws to satisfy U.S. concerns that led to the suspension of its Generalized System of Preferences eligibility. "It is not a good thing that has happened to us," he said. Qader said he expects the country's GSP status to be reviewed in six months. In the meantime, his government is consulting with the USTR's office, which has "a long list of actions it wants."

The alliance plans drew a cold reaction from labor leaders and mixed views from congressional Democrats. Unions criticized U.S. importers for not joining the accord. "Rather than sign the binding Accord, Walmart and Gap are pushing a weak and worthless plan that avoids enforceable commitments," said a joint statement from AFL-CIO President Richard L. Trumka and Joe Hansen, head of ChangetoWin. They said they "reject the Walmart/GAP plan as a way to avoid accountability, limit costs and silence workers and their representatives."

"We fail to see how this will achieve a different result than the previous decades of voluntary corporate social responsibility plans that these companies have run in the past and that have utterly failed to prevent the pervasive, systemic, and profound worker safety and rights problems we see in Bangladesh today," said a statement from Reps. Sander Levin (D-Mich.) and George Miller (D-Calif.). But Senate Foreign Relations Committee Chairman Robert Menendez (D-N.J.) said "creation of the Alliance for Bangladesh Worker Safety is an important first step toward addressing the dismal plight of Bangladeshi garment workers."

## **Complaints Renewed about Guest Garment Workers in Jordan**

As U.S. retailers launched a program to improve worker safety in Bangladesh garment factories, complaints have risen again about the treatment of guest workers in Jordanian clothes factories, including sexual harassment of women workers, many of whom come from Bangladesh. An article in the latest edition of the Brooklyn Journal of International Law (Vol. 38, No. 3) claims Jordan is failing to meet its obligations to protect women workers under the Convention on the Elimination of Discrimination Against Women (CEDAW), which it ratified in 1992 (see **WTTL**, Nov. 2, 2009, page 4).

The events identified in the article are not new, a spokesperson in the Jordanian embassy in Washington told **WTTL**. "The government has worked diligently to correct them," she said.

"Jordan's current administration of the Convention, through the criminal prosecution of individual sex crimes, fails to protect female workers in sexually violent work environments in the MNC [multinational corporations] supplier context," the article charges. "The failure of the Jordanian government to effectively enforce women's rights against these corporate entities to date has left female garment workers in factory settings vul-

nerable to repeated human rights abuses,” it says. According to statistics dating back to 2006, more than 65% of the workers in Jordanian garment factories located in Qualified Industrial Zones (QIZ) are foreigners, mostly from Bangladesh, Sri Lanka and China.

The majority of them are women. Factories in Jordan reportedly produce clothing for U.S. retailers such as Macy’s, Kohl’s and Land’s End. Non-American foreigners own most of the plants in the QIZs and work as subcontractors for multinational apparel firms, reports the journal article, written by Nura Skade, a senior law student at Brooklyn Law School.

At a press conference July 10 where U.S. retailers unveiled an alliance to help worker safety in Bangladesh, Bobbi Silten, Gap vice president for global responsibility, acknowledged the problems in other countries besides Bangladesh. Most of the countries where U.S. retailers buy their goods conform to International Labor Organization (ILO) standards, she said. “Yes, there are issues in other countries. We use our monitoring programs to be aware of these issues in those countries, but Bangladesh was a priority because of its size,” Silten said.

\* \* \* **Briefs** \* \* \*

LEMON JUICE: In 5-1 “sunset” vote July 10, ITC determined that termination of suspension agreement with Argentina on lemon juice “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.” At same time, it voted 6-0 that terminating agreement with Mexico would not injure U.S. industry.

VEU: In July 10 Federal Register BIS added two validated end-users in China: Samsung China Semiconductor Co. Ltd. (Samsung China) and Advanced Micro-Fabrication Equipment, Inc., China (AMEC). With this rule, exports, reexports and transfers (in-country) of certain items to one Samsung China facility and one AMEC facility are now authorized.

NUCLEAR EXPORTS: House Energy and Commerce Committee July 11 asked GAO to examine how Department of Energy grants and monitors authorizations of nuclear technology and services exports. “The ability of U.S. companies to supply materials, engineering services, components and technical data for the construction, operation, and servicing of nuclear power plants outside the United States depends on a number of criteria, including the timely issuance of U.S. export licenses and Part 810 authorizations,” committee wrote.

SERVICES: Not surprisingly, U.S. was world's largest services market and leading exporter and importer of services in 2011 (latest data available), ITC said in annual report on *Recent Trends in U.S. Services Trade* released July 11 (Pub. 4412). From 2010 to 2011, U.S. cross-border services exports increased by 9% to \$587 billion, while U.S. services imports grew by 7% to \$393 billion. Barriers to professional services include: economic needs tests, quotas on foreign providers, limits on setting up foreign affiliates and requirements that managerial staff be either citizens or permanent residents, ITC noted.

INDIA: Following India’s decision to revisit and review its Preferential Market Access (PMA) policy, USTR Michael Froman met July 11 with Indian Minister of Commerce and Industry Anand Sharma and July 12 with Finance Minister P. Chidambaram. In both meetings, Froman welcomed PMA decision, but expressed concern about “growing number of other localization barriers – for example, in-country testing requirements for information and communications technology equipment, and preferential treatment for indigenous intellectual property,” USTR office said (see **WTTL**, June 24, page 5).