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## INTRODUCTION

This document represents the annual performance plan and annual performance report for the Office of the United States Trade Representative (USTR). It has been developed to carry out USTR's obligations under the Government Performance and Results Act (GPRA) and to help the agency coordinate its performance goals for fiscal year (FY) 2006. This plan is the product of a senior-level employee committee, comprised of career Assistant U.S. Trade Representatives and other senior agency officials. While no contribution was made to the preparation of this plan by non-Federal parties, the plan takes into account advice received from our statutorily mandated private sector advisory committees on programs, policy development, and initiatives, and advice received from other official mechanisms such as public *Federal Register* notices.

In designing this annual performance plan and the annual performance report, USTR has benefited from a series of reviews by the Office of Management and Budget (OMB). This year our format has changed slightly. The FY 2006 Performance Goals are listed with their measurements in the first section. Following this section are the FY 2005 goals and FY 2004 annual performance report. USTR gratefully acknowledges the invaluable contribution of our intern, Michael Shambon of Claremont McKenna College.

## **MISSION STATEMENT**

Our Mission is provided by Presidential directive and delegation, including Presidential plan, executive order, proclamation, and by statute. In accordance with these, the Office of the U.S. Trade Representative:

- consults with the Congress regarding US. trade policy priorities in the light of relevant legislative guidance;
- develops and coordinates the implementation of trade policy;
- negotiates, monitors and enforces trade and investment agreements including under the auspices of the World Trade Organization (WTO), through regional negotiations, and bilateral Free Trade Areas, negotiations, and initiatives;
- identifies and addresses unfair barriers to U.S. trade; and
- consults closely with the private sector, and the public on trade and trade policy.

## USTR'S MANDATE

### **Organizational Structure:**

The Office of the U.S. Trade Representative is part of the Executive Office of the President. The U.S. Trade Representative holds Cabinet rank. From its inception, USTR has been small, flexible, mission-focused, industrious, and cost-effective. With a proposed Fiscal Year (FY) 2006 budget of \$44.8 million and 229 Full-time Equivalent staff (FTEs), the agency operates from a headquarters in Washington, D.C., and a field office in Geneva, Switzerland.

USTR is a matrix organization, organized on the basis of geographic and sectoral lines that intersect in the formation and coordination of policy, the negotiation of trade agreements, and the enforcement of those agreements. The USTR, his three deputies, and the senior leadership work through the Assistant U.S. Trade Representatives that head 24 small offices, averaging about eight employees each. Staff support functions, including the General Counsel and the Chief Economist, play important roles in all stages of USTR's work. USTR depends on direct and indirect support of other agencies, the Congress and the private sector to carry out its responsibilities.

USTR professional employees are trade policy experts, and they are empowered to negotiate with officials of other nations, work closely with the private sector, and provide leadership and direction to other federal personnel in trade-related agencies by coordinating the formulation and execution of trade policy through the interagency Trade Policy Staff Committee (TPSC) process involving staff from over 20 other federal agencies and departments.

About seventy percent of USTR's annual budget pays for employee salaries and benefits, with the balance spent on fixed operating expenses such as building rent, employee travel to negotiating sites, and maintenance of computer systems.

### **Major Management Challenges:**

USTR does not administer programs that are vulnerable to waste, fraud, and/or mismanagement. USTR's annual budget does not include grant-in-aid programs, loans, or funding for major information technology or procurement. The Executive Office of the President assumed responsibility for information technology systems, operations and maintenance in FY 2004.

USTR's activities and operations are periodically reviewed by outside evaluators, such as the General Accounting Office. USTR takes these assessments seriously and incorporates suggestions wherever appropriate. USTR's key functions are cross-cutting in nature, requiring coordination with and support by other agencies and the private sector. Such cross-cutting functions pose unique challenges to assure timely, effective and efficient service to the American public.

# Fiscal Year 2006 Goals and Measurements

## ANNUAL PERFORMANCE GOALS

**Negotiate agreements that advance the trade and economic interests of the United States and further the intent and objectives of Trade Promotion Authority and other trade legislation.**

### MEASUREMENTS:

- Move the Doha Round forward toward a final agreement.
- Launch two new FTA negotiations, consistent with TPA guidelines, and the agreed upon criteria set through interagency consultation.
- Complete at least two FTAs in accordance with the objectives, consultation requirements, and procedures in TPA.
- Implement recently signed and ratified FTAs including entry into force for the Dominican Republic and Costa Rican Agreements.
- Launch one new Bilateral Investment Treaty negotiation.
- Review Intellectual Property Chapters in recent FTAs, analyze their effectiveness, and design analogous provisions, adjusted and enhanced as appropriate, to use in current FTA negotiations based on such analysis.
- Review the Andean Trade Promotion and Drug Eradication Act (ATPDEA), Caribbean Basin Initiative, and African Growth and Opportunity Act (AGOA) and the GSP Program in light of existing and future negotiations to ensure these initiatives support enhanced two-way trade and advance the integration of GSP eligible countries into the global trading system.
- Design and implement with interagency partners Environment Cooperation mechanisms, created in parallel with FTAs, which can build the capacity of U.S. trading partners to protect the environment.
- Work with negotiating partners to improve the application and enforcement of their labor laws during the course of FTA negotiations and through cooperative activities in order to build their capacity to promote and protect the rights of workers.

**Integrate developing and emerging market countries into the rules-based system of international trade.**

**MEASUREMENTS:**

- Conclude two WTO accessions for developing or emerging economy candidate countries contingent on commercially viable terms.
- Work with agencies that provide and/or fund trade capacity building assistance to set up baselines for their work and to measure the results of trade capacity building projects.
- Assist developing countries to implement trade commitments (such as under the WTO or FTAs) and help developing countries to benefit from the market opportunities under trade agreements and preference programs (WTO, FTAs, GSP and AGOA).
- Contribute to economic development in developing and emerging market countries through the GSP and other trade preference programs. Improve workers' rights and the protection of intellectual property in GSP-eligible developing countries through the annual review of GSP country practice petitions.
- Contribute to sustainable development by negotiating trade-related environmental agreements, renegotiating certain international commodity agreements, and promoting cooperation among law enforcement bodies to enhance enforcement of international treaty provisions.

**Increase market access for U.S. agriculture, goods and services and improve treatment of U.S. investment abroad.**

**MEASUREMENTS:**

- Conclude a total of three agreements (Bilateral Investment Treaties, Trade and Investment Framework Agreements (TIFAs), or textile customs cooperation agreements) that will expand opportunities for U.S. exports and further U.S. economic interests.

**Deploy USTR's resources to pursue the trade agreements and initiatives with greatest potential to advance the United States interests consistent with the Administration's Trade Policy Agenda. Reduce trade barriers to goods and services through FTA negotiations, as well as the Doha Development Agenda (DDA) negotiations.**

**MEASUREMENTS:**

- Majority of new hires deployed to offices that are negotiating, monitoring and enforcing agreements.

**Closely monitor our trading partners' implementation of existing trade agreements. Identify foreign barriers and trade practices that breach applicable trade agreements and interfere with U.S. exports, investment, and intellectual property rights.**

**MEASUREMENTS:**

- Annually review implementation of trade agreements, including through preparation of the National Trade Estimates Report, and identify strategies for resolving implementation problems.
- Regularly coordinate among USTR offices and work with other agencies and industry and other outside stakeholders to identify, monitor, and gather evidence of trade agreement breaches.
- Monitor compliance of our trading partners with FTA labor and environment provisions to ensure that they live up to the terms of the agreement.

**Pursue enforcement through the full range of available tools, including informal consultations, formal bilateral and multilateral oversight fora, negotiations, and litigation.**

**MEASUREMENTS:**

- Once a problem trade barrier is identified, develop appropriate strategies to resolve dispute, drawing on most effective tools available, and adjusting as appropriate to the circumstances.
- Implement most effective means to address specific trade disputes.

**Identify cases where WTO or FTA dispute settlement procedures and/or U.S. trade statutes are the most effective means to address a dispute. Work to resolve current dispute settlement proceedings on a basis favorable to the United States.**

**MEASUREMENTS:**

- Review status of existing cases and determine strategy to advance U.S. interests in the disputes.
- Consult interagency, with Congress, and with outside stakeholders when considering initiation of a new WTO or FTA case.
- Determine whether initiating a new case serves the best interests of the United States and will advance the U.S. multilateral, regional, and bilateral trade agenda.
- Monitor dispute cases to determine if settlement or other mutually satisfactory solution is possible and in best interests of the United States.

**Analyze dispute settlement procedures and work to clarify and improve rules.**

**MEASUREMENTS:**

- Develop and pursue proposals to clarify and improve WTO dispute settlement rules, including in the areas of transparency and greater flexibility and Member control over the process.
- Apply lessons of existing dispute settlement mechanisms when negotiating dispute mechanisms in new FTAs.

**Lead and coordinate interagency process with twenty other Federal agencies at TPSC level and at the TPRG senior policy level.**

**MEASUREMENTS:**

- Work to make 75 percent of decisions on trade policy matters at the TPSC level to ensure that only the most sensitive and/or important decisions are sent to the Deputies (Undersecretaries) at the TPRG.



**Consult with Congress regarding all issues mandated by trade legislation and Trade Promotion Authority.**

**MEASUREMENTS:**

- Consultation with Congressional Oversight Group regarding all FTAs and significant trade policy developments.
- Regularly brief Congressional Committees and staff regarding the U.S. trade agenda.
- Respond to Congressional correspondence in a complete and timely manner.
- A benchmark will be established at the end of FY 2006.

**Obtain Congressional passage of legislation implementing negotiated agreements and reauthorization of the GSP Program.**

**MEASUREMENTS:**

- 100 percent passage of FTA legislation introduced in Congress.
- Prepare for reauthorization of the GSP program so that the program does not lapse.

**Build broad coalitions with business, agricultural, consumer, state and local governments and non-governmental interests to inform and strengthen the U. S. trade agenda and to secure Congressional passage of legislation implementing trade agreements and other legislation. Continue to develop a robust advisory committee system through appointment and consultation with a diverse and experienced group of advisors.**

**MEASUREMENTS:**

- Convene regular meetings of the Advisory Committees. Assure that advisory reports to Congress on trade agreements are broadly supportive of the agreement.
- Reach out to outside stakeholders to develop constituency support for multilateral and bilateral trade initiatives.
- Respond to stakeholder correspondence and inquiries in a complete and timely manner.
- Provide regular conference calls with advisory committee chairpersons to inform them of current developments.

- Provide regular updates through the USTR website to strengthen support for key issues.
- Develop and utilize opportunities for public engagement with private sector, state and local government, and small business stakeholders to build support for the trade agenda.
- Develop and disseminate fact sheets to explain the benefits of trade agreements.
- Determine baselines for the above measurements established in FY 2006. Analyze and review baselines to determine appropriate goals.

**Create a USTR-wide proactive communications strategy to explain the benefits of trade to domestic constituencies and interest groups**

**MEASUREMENTS:**

- Develop talking points, fact sheets, press releases, and internet strategy including a regular e-mail newsletter to explain the benefits of trade.
- Organize press events around high profile trade liberalization achievements.
- Build network of private and non-government organizations and coordinate messaging on the benefits of trade.
- Establish a baseline and expand outreach via increased subscribership to the email newsletter.

**Enhance state and local government outreach and education efforts on benefits of trade, particularly the DDA.**

**MEASUREMENTS:**

- Establish stronger state level network, led by pro-trade states. Work with network to offer better outreach/trade education through public speaking and media events around the country. Distribute educational materials to private sector state/local networks.

**Work through interagency process and with the White House to implement an Administration-wide message on the benefits of free and fair trade.**

**MEASUREMENTS:**

- Coordinate press statements regarding trade issues across the Administration.
- Create informal trade communications working group that meets periodically to examine trade messaging and opportunities for interagency and White House coordination.
- Inject public relations and communications strategy analysis into the interagency review process.

**Work with Congressional Committees with relevant jurisdiction to develop and advance messaging on the benefits of free and fair trade.**

**MEASUREMENTS:**

- Plan and organize press events with USTR and Congressional representatives in D.C., at domestic trade rounds, and abroad when there are CODEL delegations traveling regarding trade issues.
- Work with House Ways and Means, Senate Finance and other Committees as appropriate to develop the benefits of trade messaging strategy.

**Develop, in consultation with other agencies, the Congress, and stakeholders, messaging to foreign countries and their citizens explaining the benefits of free and fair trade, and to build support for U.S. trade policies and initiatives.**

**MEASUREMENTS:**

- Identify foreign constituencies to educate regarding the benefits (including environmental and social benefits) of free and fair trade.
- Build relationships with foreign media, place press statements, and attend press events that build support for free and fair trade in strategic foreign countries.
- Work with USTR partners in foreign governments to coordinate communications strategy to advance trade negotiations and to explain trade disputes.

# FY 2005 Plan and FY 2004 Accomplishments

## USTR's Initiatives:

USTR has identified four main initiative areas that most effectively utilize and integrate its unique human capital resources, and divides and allocates these resources to achieve its mission.

These areas are as follows:

**Trade Policy Development Initiative** – USTR will take steps to improve how we formulate the trade policy of the United States to advance the national economic interest and reflect the views of the Executive Branch, the Congress, the private sector, and the public.

**Negotiation Initiative** – USTR will take steps to improve how we negotiate trade and investment agreements to advance the national economic interest by addressing policies that dismantle foreign trade barriers.

**Monitoring and Enforcement Initiative** – USTR will take steps to improve how we monitor, enforce, and, where necessary, modify these agreements to ensure that the intended benefits are achieved.

**Communications and Management Initiative** – USTR will take steps to improve and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the general public.

## MAJOR INITIATIVES, GENERAL GOALS, AND RELATED OBJECTIVES

### I. Trade Policy Development Initiative

**Goal 1:** Develop trade and investment policies that advance U.S. economic interests and meet the goals of the Executive Branch, the Congress, the private sector (as defined in the Mission Statement), and the public.

**Objective 1:**

Formulate trade policy that reflects sound economic analysis, statutory obligations, and interagency consensus.

**Objective 2:** Engage Congress, the private sector, and the public in the development of trade and investment initiatives and responses to foreign trade actions.

## **II. Negotiation Initiative**

**Goal 2:** Advance the national economic interest by negotiating agreements to lower trade barriers and remove trade-distorting measures.

**Objective 3:** Negotiate trade and investment agreements that open foreign markets to goods and services of U.S. workers, agricultural producers, and other commercial interests; provide trade policy expertise in the negotiation of other agreements with trade implications.

**Sub-Objective 1:** Conduct global negotiations.

**Sub-Objective 2:** Conduct regional and bilateral negotiations.

## **III. Monitoring and Enforcement Initiative**

**Goal 3:** Monitor, enforce, and, where necessary, modify trade and investment agreements to ensure that the intended benefits are achieved.

**Objective 4:** Monitor, enforce, and defend U.S. trade and investment rights and obligations to ensure compliance with the terms of existing agreements. Administer trade laws to bolster international compliance with U.S. trade agreement rights and obligations and address trade-related problems that are outside the scope of existing trade agreements.

## **IV. Communications and Management Initiative**

**Goal 4:** Open and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the public.

**Objective 5:** Promote awareness within the private sector and the public of the contribution of trade and investment to the nation's economic well-being.

## TRADE POLICY DEVELOPMENT INITIATIVE

By statute, USTR is the principal advisor to the President on trade policy and the principal coordinator of trade policy development within the Executive Branch. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees: the Trade Policy Staff Committee (TPSC), the Trade Policy Review Group (TPRG), and the National Security Council/National Economic Council (NSC/NEC).

The formulation of trade policy requires extensive consultation with other Executive Branch agencies (see Appendix II), the Congress (Appendix III), the Advisory Committee System (Appendix IV), sub-federal governments, the public, and our trading partners.

The Advisory Committee System, established by Congress under the Trade Act of 1974, as amended, was created to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. The trade policy advisory committee system currently consists of 27 advisory committees. The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); four policy advisory committees; and 22 technical and sectoral advisory committees. The President directly appoints up to 45 ACTPN members for two-year renewable terms to provide overall policy advice on trade matters. The ACTPN is administered by USTR. The four policy advisory committees are managed by USTR alone, or in conjunction with the Departments of Agriculture, Labor, or the Environmental Protection Agency. The 22 sectoral and technical advisory committees are organized in two areas: industry and agriculture, and are managed jointly by USTR and the Departments of Commerce or Agriculture, respectively.

**GOAL 1:** Develop trade and investment policies that advance U.S. economic interests and meet the goals of the Executive Branch, the Congress, and the private sector (as defined in the Mission Statement), and the public.

This goal covers all aspects of trade policy development from the identification of trade and investment barriers through the establishment of negotiating objectives. This goal is effectively advanced through a variety of approaches, including the development of additional economic analysis, close coordination with agencies representing economic, foreign policy, and civil society concerns, and effective discussion of negotiating and dispute settlement objectives with the Congress, private sector advisors including representatives of the business and agriculture communities, sub-federal governments, labor, environmental, consumer and other domestic groups and the public. This goal is broken down into two objectives.

**OBJECTIVE 1:** Formulate trade policy that reflects sound economic analysis, statutory obligations, and interagency consultations.

**Annual Performance Goal:** Press a full agenda to obtain trade openness through global, hemispheric, and bilateral negotiations.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

In FY 2003, the Administration successfully undertook a number of concrete actions on multiple fronts to open markets around the world, exercising its leverage for openness, creating a new, dynamic competition for trade liberalization around the world.

In support of its commitment to the goal of successfully completing global trade negotiations in the WTO and a successful 5<sup>th</sup> meeting of WTO Trade Ministers, the United States, inter alia, submitted far-reaching proposals to the WTO, including plans to remove all tariffs on manufactured goods, open agriculture and services markets, and address the special needs of poorer developing countries.

In support of its strategy at the regional level, the United States, inter alia, assumed its co-chairmanship position with Brazil over the initiative to complete a Free Trade Area of the Americas, encompassing the economies of 34 democracies in the Western Hemisphere. During FY 2003, market access negotiations were initiated in merchandise trade, services, investment and government procurement, and progress was made on the draft text of the agreement.

In support of its strategy at the bilateral level, negotiations were completed to establish free trade areas with Chile and Singapore and U.S. domestic legislative procedures were completed, setting the stage for implementation in FY 2004. In order to build on and accelerate the pace of such agreements, the United States launched additional FTA negotiations with 5 Central American countries, the Dominican Republic, Australia, Morocco, and the Southern African Customs Union.

**FY 2004**

In FY 2004, concrete progress on trade openness was achieved in a number of areas:

- the U.S.-Australia FTA went into effect, with more than 99 percent of U.S. manufacturing exports to Australia becoming duty-free immediately;
- as a result of the implementation of the U.S.-Chile FTA on January 1, 2004, U.S. exports increased 32 percent during FY 2004, with notable increases in certain construction machinery (415 percent); tractors (371 percent); shelled almonds (329 percent) and transport motor vehicles (60 percent);

- as a result of implementation of the U.S.-Singapore FTA on January 1, 2004, U.S. exports increased 19 percent during FY 2004, with notable increases in furniture products (nearly 100 percent); and information technology products (62 percent).

On the negotiating front, the U.S. led efforts to get negotiations in the WTO back on track, resulting in a significant milestone on July 31, 2004 when a framework was reached to provide direction to moving forward to the Hong Kong WTO Ministerial in late 2005. The United States completed negotiations on FTAs with Bahrain and five countries of Central America and the Dominican Republic. The United States launched new FTA negotiations with Thailand, Panama, and three Andean nations.

Among the market opening created through bilateral negotiations were for U.S. biotech farm exports to Chile, U.S. exports of apples, hogs, poultry, dry beans and beef to Mexico, U.S. poultry, pork, and beef exports to Russia, California orange exports to Korea and U.S. exports of rice and motorcycles to Taiwan.

### **FY 2005**

Implementation of the agenda will be documented in the Annual Report released on March 1, 2006.

**Annual Performance Goal:** Globally, continue to pursue an activist agenda in the World Trade Organization (WTO). Negotiate to reduce and eliminate market access barriers and trade distortions under the Doha Development Agenda (DDA) and implement the results of the negotiations. Aggressively pursue U.S. rights under existing WTO Agreements (e.g., implementation of China accession commitments) and use the opportunities of the WTO accession negotiations to promote U.S. interests.

**Performance Indicators:** This goal is self-defined.

### **Performance Verification:**

### **FY 2003**

In FY 2003, the United States was the only WTO Member that submitted ambitious proposals in each of the three core negotiating areas of Agriculture, Services and Non-Agricultural market access. (More details on these proposals and work during 2003 can be found in the 2003 Annual Report, pages 6-10). During 2003, U.S. rights under existing WTO agreements were pursued using various means, in particular pro-active utilization of the ongoing work of various WTO committees. U.S. interests with regard to enhancing market access for agriculture, industrial goods and services continued to be at the core of the positions being pursued in the ongoing accession negotiations.

### **FY 2004**



In FY 2004, the major focus of activities was to put the WTO negotiations back on track, through the July 2004 framework for agriculture, non-agriculture market access and services and launching negotiations on trade facilitation. U.S. leadership was essential to bringing this about. U.S. focus remained on enhancing market access for manufacturing, agriculture and services as well as strengthening WTO rules. U.S. enhancing market access for agriculture, industrial goods and services continued to be at the core of the positions being pursued in the ongoing accession negotiations.

## **FY 2005**

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

**Annual Performance Goal:** Regionally, seek a successful conclusion to the negotiation of the Free Trade Area of the Americas (FTAA) Agreement. Continue preparations for bilateral free trade agreements (FTAs) with nations that have demonstrated their readiness, including appropriate countries within Latin America or which are members of the Association of Southeast Asia Nations (ASEAN) under the President's Enterprise for ASEAN Initiative (EAI) or covered by the initiative for a Middle East Free Trade Area (MEFTA).

**Performance Indicators:** This goal is self-defined.

## **Performance Verification:**

## **FY 2004**

With respect to the FTAA, the United States supported the adoption of a new two-track framework as a constructive way to accommodate different points of view and move the FTAA toward realization during the agreed-upon time frame. With regard to advancing the Administration's MEFTA initiative, the Administration worked hard to better link countries committed to economic reform, including Morocco, Bahrain, the United Arab Emirates and Oman. Trade and Investment Framework Agreements (TIFA's) were signed with several Middle Eastern countries in 2004 to encourage economic reform and explore ways to deepen our bilateral trade relationships. The U.S. also signed TIFAs with Pakistan, Afghanistan and Malaysia, began TIFA negotiations with Cambodia and held a TIFA meeting with Sri Lanka. Implementation of the U.S.-Singapore FTA, negotiations toward an FTA with Thailand and negotiation of a TIFA with Malaysia all work toward fulfilling the EAI.

## **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue preparations for bilateral free trade agreements (FTAs), Trade and Investment Framework Agreements (TIFAs), and Bilateral Investment Treaties (BITs)

with nations that have demonstrated their readiness, including appropriate countries within Latin America, members of ASEAN under the EAI, and countries within the MEFTA initiative.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

#### **FY 2004**

With regard to advancing the Administration's MEFTA initiative, the Administration worked hard to better link countries committed to economic reform, including Morocco, Bahrain, the United Arab Emirates and Oman. Trade and Investment Framework Agreements (TIFA's) were signed with several Middle Eastern countries in 2004 to encourage economic reform and explore ways to deepen our bilateral trade relationships. The U.S. also signed TIFAs with Pakistan, Afghanistan and Malaysia, began TIFA negotiations with Cambodia and held a TIFA meeting with Sri Lanka. Implementation of the U.S.-Singapore FTA, negotiations toward an FTA with Thailand and negotiation of a TIFA with Malaysia all work toward fulfilling the EAI. The United States signed a BIT with Uruguay on October 25, 2004.

#### **FY 2005**

Implementation of the agenda will be documented in the Annual Report released on March 1, 2005. The completion of FTAs will be reported on the USTR website.

**Annual Performance Goal:** Contribute to U.S. interagency efforts to provide increased trade-related capacity building for developing countries. Increase technical expertise for countries to integrate into the global trading system. This includes working with appropriate U.S. agencies to target U.S. bilateral assistance, coordinating with the international financial institutions, expanding the scope of resource partners to include the private sector and non-governmental organizations; and supporting the WTO, the FTAA's Hemispheric Cooperation Program and other negotiations, and U.S. preference programs, such as the Africa Growth and Opportunity Act (AGOA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA).

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

#### **FY 2003**

The United States is the largest single-country donor of trade-related technical assistance in the world. The United States devoted substantial resources to TCB activities in FY 2003 totaling almost \$761 million. The United States directly supports the WTO's trade-related technical assistance and the technical assistance provided through the Integrated Framework.

In FY 2003, the United States provided WTO accession and implementation services to Nepal and Cape Verde.

To complement regional and bilateral trade liberalization initiatives, in FY 2003, the United States:

- provided trade-related technical assistance in the Western Hemisphere of \$150 million, an increase of \$47 million from FY2002;
- provided over \$61 million in TCB assistance in response to needs identified by Central American countries (well in excess of the \$47 million projected for that year);
- provided almost \$69 million in trade-related technical assistance to AGOA-beneficiary countries, up from \$61 million the year before;
- provided \$6.6 million in trade-related technical assistance to SACU, up from \$5.6 million in FY 2002; and
- worked closely with the State Department’s Office of Middle East Partnership Initiative (MEPI) to identify and manage significant assistance resources for trade capacity building for the region.

#### **FY 2004**

TCB is a critical part of the U.S. Government’s strategy to enable developing countries to negotiate and implement market-opening and reform-oriented trade agreements. USTR established an Office of Trade Capacity Building in 2002 to respond to the increased need for TCB assistance.

This continuing support helps countries work with the private sector and non-governmental organizations to transition to a more open economy, prepare for FTA and WTO negotiations, and implement their trade obligations. USTR also provides assistance to beneficiaries of preference programs such as the AGOA and the Andean Trade Promotion and Drug Eradication Act (ATPDEA). In FY 2004, the United States conducted \$903 million in TCB activities – up 19 percent from the previous fiscal year.

Another important part of our TCB work involves the Millennium Challenge Corporation (MCC). The U.S. Trade Representative is a member of the MCC Board of Directors, whose purpose is to ensure that the President’s vision of a new global development compact is implemented in a manner in which greater contributions from developed countries are linked to greater responsibility from developing nations. USTR is continuing to work to improve

integration of trade into the development plans of the MCC countries so that each country's MCC agreement taps its full potential to spur economic growth and reduce poverty.

Coherence not only involves consistent global economic policy making, but also coordination with regard to trade-related technical assistance. USTR worked closely with USAID and other donors, multilateral institutions, NGOs and the private sector to avoid duplication and take advantage of donor complementarities in trade-related programming.

USTR worked closely with USAID on the Integrated Framework (IF), a multi-agency multi-door program aimed to coordinate technical assistance to the least developed countries (LDC) to assist them in enhancing their trade opportunities. Of the 49 LDCs that are members of the WTO, 31 are in the program and another 5 are being actively considered, with more applicants expected.

USTR has continued to help solidify a robust interagency progress with regard to TCB, including the establishment in our most recent free trade negotiations of TCB Working Groups that operate in parallel to the negotiating groups. The interagency progress has also sensitized agencies to the importance of TCB and is why agencies have sought to conduct more TCB activities in the last couple of years.

USTR also worked closely with USDA and USAID on the development aspects of cotton in support of the agriculture negotiations in the WTO. USTR worked with USDA, USAID, USTDA and other agencies to improve the effectiveness of technical assistance provided to developing countries to support implementation of trade agreements. The Office prepared fact sheets on trade capacity building efforts in Central America, Southern Africa, and the Andean region to better explain the linkages between trade and development. Also, USTR works with USAID to compile an annual database of all U.S. government trade capacity building programs which is on USTR and USAID's public website.

## **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2006 and on the USTR website.

**Annual Performance Goal:** Participate as a member of the Millennium Challenge Corporation's (MCC) Board of Directors to ensure that the President's vision of a new global development compact is implemented, in which a greater contributions from developed countries must be linked to greater responsibility from developing nations. Improve integration of trade into the development plans of the eligible and threshold countries so that the MCC compacts tap into the potential of trade to spur economic growth and reduce poverty. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Coordinate and implement U.S. policy on the GSP program and provisions of AGOA, CBTPA, and ATPDEA to encourage broad-based economic development, economic reform, and trade liberalization in beneficiary countries in a manner consistent with statutory requirements.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2004**

ATPDEA: USTR conducted the 2004 ATPDEA Annual Review. USTR received petitions to review certain practices in certain beneficiary countries to determine whether such countries were in compliance with eligibility criteria. In addition, USTR kept under review certain of the petitions that had been filed in the 2003 ATPDEA Annual Review. In 2004, the ATPDEA process helped resolve certain investor disputes with Colombia and Ecuador worth about \$100 million, and fostered improved enforcement of laws against child labor in Ecuador.

CBTPA: During 2004, the Administration consulted with the private sector and Congress to ensure that the CBI benefits available to Caribbean beneficiaries would not be diminished by implementation of the FTA with Central America and the Dominican Republic.

GSP: Algeria and Iraq designated as beneficiary countries. Czech Republic, Hungary, Latvia, Lithuania, Poland and Slovakia removed due to accession to EU. Antigua, Barbuda, Bahrain and Barbados graduated from GSP effective January 1, 2006. Titanium from Russia removed from GSP eligibility. Review initiated on GSP eligibility for Serbia and Montenegro.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Implement the strategy to address issues relating to pharmaceutical trade policy, including regulatory issues and other practices that impede market access. This

strategy has been developed in consultation with Congress and informed by the results of the congressionally mandated study on drug pricing practices of OECD countries. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2006 and on the USTR website.

**Annual Performance Goal:** Work to ensure that trade rules complement efforts to provide access to life-saving medicines in developing countries. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2006 and on the USTR website.

**Annual Performance Goal:** Promote the implementation of science-based sanitary and phytosanitary (SPS) trade rules and disciplines globally, regionally and bilaterally, including issues related to biotechnology.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

**EU Hormones:** The United States has continued in its attempts to resolve its dispute regarding the EU ban on imports of meat from animals administered any of six growth hormones. Despite the ban having been found inconsistent with the WTO, the EU has failed to comply with its obligations.

**EU biotech:** In May 2003, the United States initiated dispute settlement proceedings with respect to the EU's moratorium on all new biotech approvals. A panel to address this dispute was established on August 29, 2003.

**EU meat restrictions:** The United States continued efforts for the resumption of U.S. exports of poultry meat, suspended since 1997 due to EU sanitary and phytosanitary concerns. In 2003, the United States gained EU approval for the use of alternative anti-microbial treatments and approval of its residue program and water standards.

**Japan fire blight:** A WTO panel reported on July 15, 2003 that Japan's fire blight measures are inconsistent with the WTO, as they lack sufficient scientific evidence and are not based on a risk assessment.

**Philippines:** Throughout 2003, the United States has continued to urge the Philippines to abandon its proposal to require quarterly, mandatory third-party inspections of meat and dairy production facilities overseas. The proposal would disrupt U.S. meat and dairy exports to the Philippines, estimated at \$56 million.

#### **FY 2004**

USTR promoted science based sanitary and phytosanitary trade rules and disciplines at three meetings of the WTO Committee on the Application of Sanitary and Phytosanitary Measures, with particular focus on India, the EU, China and Korea. USTR also raised concerns with WTO Members' failure to base restrictions on U.S. beef and poultry exports related to Bovine Spongiform Encephalopathy (BSE) and low pathogenic Avian Influenza (AI), respectively, on international standards. Provided leadership internationally advocating and supporting science-based decision processes related to risk assessment, product approval procedures, requirements pertaining to the planting of crops and the labeling of foods derived from biotech products in various bilateral and multilateral fora including the WTO, several committees of the Codex Alimentarius Commission, the International Plant Protection Convention, the Convention on Biodiversity's implementation of the Biosafety Protocol and others.

Negotiated sanitary and phytosanitary provisions of the free trade agreements with Australia, Morocco, Bahrain, Panama, Central America and the Dominican Republic. USTR initiated negotiations on SPS provisions in the free trade agreement with Thailand. The agency successfully convinced Indonesia to indefinitely delay imposing labeling requirements on "genetically engineered" and "irradiated" ingredients in food. The negotiators achieved agreement from the European Union to accept a U.S. proposal that will eliminate unnecessary and costly residue tests for future U.S. beef shipments. USTR gained agreement from Australia to issue new sanitary import requirements to allow entry of U.S. processed pork. Gained

agreement from Hong Kong to release pipeline shipments of poultry products held at port in early 2004 due to concerns about low pathenogenic avian influenza. Gained agreement from Japan to release poultry shipments held at port in early 2004 due to concerns about low pathenogenic avian influenza (AI). In coordination with USDA, USTR staff gained agreement from Japan to regionalize future restrictions on poultry exports due to low-path AI concerns. Worked to bring Japan into compliance with the WTO dispute panel and appellate body decisions related to Japan's unjustified phytosanitary measures on U.S. apple exports.

Initiated WTO dispute settlement against Europe's moratorium on approvals for agricultural biotechnology products. Gained assurances from the Chinese Government for soybean, corn and cotton crops produced through agricultural biotechnology. Worked to improve China's notification of SPS measures, science-based decision making and other WTO SPS obligations. Enhance participation of 34 FTAA countries in the WTO SPS Committee to promote its full implementation in the Western Hemisphere.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue to seek new disciplines on global steel subsidies through bilateral and multilateral consultations, building on the foundation established in the FY 2004 OECD talks on a Steel Subsidy Agreement, which have been suspended.

**Performance Indicators:** This goal is self-defined.

#### **Performance Verification:**

#### **FY 2003**

USTR led and participated in bilateral consultations with NAFTA countries, Brazil, the EU, China and others to discuss the scope of disciplines for a steel subsidies agreement. The OECD High-Level Steel Group subsequently endorsed the development of a detailed text.

#### **FY 2004**

While significant progress towards a steel subsidies agreement in the OECD was made, the talks reached an impasse in early 2004 due to the differences that exist among participants in key areas, particularly on the nature of any exceptions to the overall subsidies prohibition, special and differential treatment for developing countries and whether excepted subsidies should be countervailable under national trade laws. In June 2004, the OECD High Level Group on Steel reaffirmed their commitment to the ultimate goal of stronger steel subsidy disciplines and decided to shift the focus of the talks to bilateral and multilateral consultations.

#### **FY 2005**



Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2006 and on the USTR website.

**Annual Performance Goal:** Continue to examine means of addressing structural problems in the global steel industry, including excess inefficient steelmaking capacity.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

### **FY 2003**

USTR participated in peer reviews of steel producing countries' capacity reports, with a special focus on China's growing steel capacity. The United States also reviewed for other countries the restructuring and consolidation occurring in the U.S. steel industry during the last year of the Administration's safeguard relief program for the steel industry.

### **FY 2004**

USTR participated in the last peer review of steel capacity at the OECD in October 2003 (FY 2004) and worked to eliminate foreign government export controls on steelmaking raw materials, which contribute to inefficient steelmaking capacity and rising raw material prices for U.S. steelmakers and steel consumers. USTR promoted an international private sector/government conference on the global steel industry, focusing on changing capacity and demand in China and other countries, increasing raw materials supply constraints, and the impact of these changes on the global steel industry. USTR also worked to restart the OECD Steel Committee to review steel capacity and other steel industry issues going forward.

### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Promote unrestricted trade in raw material inputs to the manufacturing sector by identifying and addressing restraints on trade and pursuing WTO and other channels to remove market-distorting export restraints. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

### **FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

## **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Negotiate improvements in trade facilitation within the Doha Development Agenda (DDA) negotiations to improve security and reduce transaction costs for businesses.

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

## **FY 2003**

A classified set of meeting notes on implementation of initiatives will be kept.

## **FY 2004**

A classified set of meeting notes on implementation of initiatives will be kept.

## **FY 2005**

A classified set of meeting notes on implementation of initiatives will be kept.

**Annual Performance Goal:** Foster a robust advisory committee system by appointing and consulting with a well-rounded group of advisors representing views of industry, agriculture, environment, consumers, labor, state and local governments, and other interests.

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

## **FY 2003**

A log of materials sent and received was kept. Taking into account recommendations made by the GAO regarding the composition and structure of the advisory system, USTR developed a plan to update and streamline the advisory committee system to better reflect the priorities for the U.S. economy into the 21<sup>st</sup> century.

## **FY 2004**

In 2004, the industry trade advisory committee system was streamlined and consolidated to ensure that the committees reflect today's U.S. economy. As of spring 2004, sixteen new Industry Trade Advisory Committees replaced the existing 21 committees, consistent with recommendations in a recent U.S. Government Accountability Office Report. In addition, USTR introduced additional procedural innovations to improve the operation of the advisory committee system. This included a single monthly Advisory Committee Chairs' teleconference call for all 27 committees. This keeps Chairs apprised of ongoing developments and important dates on the trade negotiations calendar and facilitates greater transparency. Periodic plenary sessions were also established for all 16 technical and sectoral industry advisory committees in order to facilitate communication between negotiators and advisors.

## **FY 2005**

A log of materials sent and received will be kept.

**Annual Performance Goal:** Continue to implement effective and sustained outreach on key trade issues. Continue to consult with key committees and Members of Congress and their staffs, state officials, the advisory committee system, and the public on the full range of trade issues and negotiations.

**Performance Indicators:** This goal is self-defined.

### **Performance Verification:**

## **FY 2003**

In FY 2003, USTR consulted with the parties outlined above through various fora including briefings, meetings, hearings, Federal Register notices, press communications, speeches, correspondence and the USTR website in order to educate interested parties.

In FY 2003, USTR consulted closely with Congress regarding:

- ongoing bilateral FTA negotiations;
- prospective bilateral FTA negotiations;
- ongoing negotiations of the WTO Doha Agenda, including hosting over 60 Members of Congress and staff at the 5<sup>th</sup> Ministerial meeting in September;
- negotiations for the conclusion of a Free Trade Area of the Americas; and

– other critical trade-related issues, including, inter alia, China’s compliance with its WTO commitments, the section 201 investigation on steel, Foreign Sales Corporation/Extraterritorial Income, and Irish music licensing.

#### **FY 2004**

In FY 2004, USTR consulted with the parties outlined earlier through various fora including meetings of the advisory committees; briefings; TPSC hearings; speeches; correspondence; meetings with a wide spectrum of private sector and state and local groups at their request. USTR also made improvements to the Website, widely disseminated Federal Register notices, press communications, and other material; and continued to develop and disseminate easily comprehensible Trade Facts sheets on major trade initiatives in order to improve outreach to domestic stakeholders and educate interested parties.

#### **FY 2005**

In FY 2005, we will consult with the parties outlined above to further refine the education program.

**Annual Performance Goal:** Continue communication with the media, the public, and the private sector by further upgrading the USTR website to include additional real time information and use of the web for real time outreach to advisors and the public. Improve communication with the media by expanding use of e-mail alerts, press releases, teleconference calls, transcripts and roundtable discussions.

**Performance Indicators:** USTR will augment further its capability to post additional real time information on its website.

#### **Performance Verification:**

#### **FY 2003**

In FY 2003, the USTR press office continued to expand its use of the internet and electronic dissemination of information. E-mail distribution lists of media were expanded. The website was utilized to support two major trade meetings (FTAA, Quito, Ecuador, Nov. 2002; WTO, Cancun, Sept 2003), with the rapid posting of news releases, fact sheets, transcripts and advisories. In particular, press releases and other information were effectively distributed to media attending the Cancun Ministerial. USTR, for the first time, also made use of innovative webcast technology for public and advisory committee briefings.

#### **FY 2004**

USTR will maintain an active website with “real time” postings. In FY 2004, USTR completely revised its website, improving the organization of the website and adding a search engine, buttons and links to make the site more user-friendly.

#### **FY 2005**

USTR will maintain an active website with “real time” postings.

**Annual Performance Goal:** Ensure that investment concerns are addressed in U.S. trade policy as set forth in the Trade Act of 2002, including providing for appellate body mechanisms or similar procedures in FTAs. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

#### **Performance Verification:**

#### **FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President’s Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Initiate negotiations of BITs with nations that have demonstrated their readiness. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President’s Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

#### **FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Work to open markets for U.S. agricultural products through bilateral and multilateral trade negotiations. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Assure that labor and environmental goals are addressed in U.S. trade policy as set forth in the Trade Act of 2002.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

USTR obtained environment chapters in Singapore and Chile FTAs that include commitments on effective enforcement of environmental laws, high levels of environmental protection, and no weakening of environmental laws to attract trade or investment. The agency proposed environment chapters including the same commitments for the CAFTA, Morocco and Australia FTAs.

USTR issued final environmental reviews of Singapore FTA and Chile FTA. We issued interim environmental reviews for the CAFTA and Morocco FTAs.

Enforceable worker rights provisions were included in the U.S.-Chile and U.S.-Singapore FTAs. The United States also tabled text for labor chapters requiring the protection of worker rights in the FTA negotiations with five Central American countries, Australia and Morocco. Labor provisions for the FTAA were also introduced in preparation for the Miami Ministerial.

**FY 2004**

Negotiated environment chapters in Morocco, Bahrain, CAFTA-DR, and Australia FTAs that include commitments on effective enforcement of environmental laws, high levels of environmental protection, and no weakening of environmental laws to attract trade or investment. CAFTA-DR goes further by involving civil society in the implementation of the environment chapter. Proposed environment chapters including the same core commitments for the Andean and Thailand FTAs.

Completed final environment and labor reviews of Morocco, Australia and Bahrain FTAs. Completed interim environmental and labor reviews of the Bahrain and Panama FTAs. Made progress toward completion of a final environmental and labor review of the CAFTA-DR FTA and interim environmental reviews for the Thailand FTA, the Free Trade Area of the Americas (FTAA) and the WTO Doha Developmental Agenda (DDA).

In addition, with respect to labor:

- USTR met with the Director-General of the ILO to discuss the implications of the work of the World Commission on the Social Dimension of Globalization for United States Trade Policy;
- TPA consistent labor provisions were incorporated into bilateral FTAs negotiated/acted upon by Congress during FY 2004.

#### **FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report on progress in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Improve the application and enforcement of labor and environmental laws during the course of FTA negotiations and through cooperative activities with FTA partner countries. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Develop and submit reports to the Congress, such as the environmental and employment impact reviews and other documents, required for implementation of trade agreements under the Trade Act of 2002.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2004**

All reports required by Congress for implementation of trade agreements for agreements submitted for Congressional consideration during FY 2004 were prepared and submitted according to statutory deadlines set out in the Trade Act of 2002.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Establish clear priorities for U.S. trade policy with specific steps to be accomplished by March 1<sup>st</sup> of each fiscal year.

**Performance Indicators:** Successful performance under this goal will be defined as the establishment of priorities by March 1<sup>st</sup> of the fiscal year.

**Performance Verification:**

**FY 1999, 2000 & 2001**

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished were established by March 1, 1999, 2000, and 2001. These goals are available on USTR's website and were published in the President's *Trade Policy Agenda*.

**FY 2002**

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2002 were established by March 1, 2002. These goals are available on USTR's website and were published in the President's *Trade Policy Agenda*.

**FY 2003**

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2003 were established by March 1, 2003. These goals are available on USTR's website and were published in the President's *Trade Policy Agenda* issued on March 1, 2003.



## **FY 2004**

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2004 were established by March 1, 2004. These goals are available on USTR's website and were published in the President's *Trade Policy Agenda*.

## **FY 2005**

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2005 will be established by March 1, 2005. These goals will be available on USTR's website and will be published in the President's *Trade Policy Agenda*.

### **Annual Performance Goal:**

#### ***Legislative Agenda***

Lead and coordinate interagency efforts in support of extension of Trade Promotion Authority.

- Work with Congress to pass implementing legislation and, once approved, initiate implementation processes for completed FTAs such as the FTA with Central America, including the Dominican Republic, if ready, and the U.S.-Bahrain FTA.
- Continue Congressional consultations on the FTAs currently in negotiation as well as on the progress of the FTAA and WTO negotiations. Submit legislation to Congress to approve and implement those agreements when appropriate.
- Meet with the Congressional Oversight Group as required by the Trade Act of 2002.

Work toward implementation of legislation, when necessary, as a result of WTO disputes.

**Performance Indicators:** These goals are self-defined.

### **Performance Verification:**

## **FY 2003**

In July, 2003, Congress considered and passed legislation to implement the U.S.-Chile FTA and U.S.-Singapore FTA. The President signed the legislation into law in September 2003.

## **FY 2004**

In FY 2004, Congress considered and passed legislation to implement the U.S.-Australia FTA and U.S.-Morocco FTA. USTR also consulted with Congress as set out in the Trade Act of 2002 which facilitated:

–the conclusion of negotiations of FTAs with Bahrain and Central America and the Dominican Republic;

– the initiation of bilateral FTA negotiations with Panama, Thailand and the Andean countries of Colombia, Ecuador and Peru; and

–the President’s November 2004 announcement of his intention to enter into negotiations on an FTA with Oman and the United Arab Emirates.

### **FY 2005**

Successful performance under this goal will be defined as passage or submission of legislation, as applicable.

**Annual Performance Goal:** In anticipation of the completion of the WTO textile quota integration program by January 1, 2005, develop trade policy and strategic options for policy-makers to respond to changes in international trade and production of textiles and apparel, both domestically and abroad, resulting from increased global competition. Initiate policy options on additional measures to improve access of the U.S. textile and clothing industry to overseas markets. Work to minimize the adverse impact to U.S. industry caused by imports from China during the transition to quota-free textiles and apparel trade. Negotiate and implement, in cooperation with other government agencies, any safeguard actions that may be necessary to alleviate damage to the U.S. domestic textile and clothing industry during the transitional period for the integration.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

### **FY 2004**

In conjunction with the Department of Commerce, initiatives were developed and implemented to improve the U.S. textile and apparel industry’s ability to use trade agreements negotiated by the United States to assist with the domestic adjustment process. USTR participated in WTO-sponsored technical assistance workshops in Africa, the Caribbean and the Middle East to review the role of U.S. trade agreements or trade preference programs in promoting adjustment to the new competitive global trade regime in textiles and apparel.

The bilateral textile agreement with Vietnam remained in force. The bilateral textile agreement with Cambodia, which was negotiated in 1998 and extended in 2001, will expire on December

31, 2004. When Cambodia became a WTO member, the United States notified the agreement to the WTO under the ATC.

In FY 2004, under the China special textiles safeguard mechanism, limits were imposed on December 24, 2003 on imports of Chinese knit fabric, cotton and man-made fiber brassieres and other body supporting garments and cotton and man-made fiber dressing gowns and robes after two rounds of consultations with China yielded no mutually satisfactory resolution. On June 28, 2004, an interagency review was initiated in response to petitions filed by the U.S. textile and apparel industry for relief from imports of Chinese-origin socks. After consultations with China were unsatisfactory, limits on imports of these products were imposed as of October 29, 2004.

### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

## NEGOTIATION INITIATIVE

The long term objectives and strategies for negotiating trade agreements were established in cooperation with Congress in successive legislative acts. Reorganization Plan No. 3 of 1979 and Section 1601 of the Omnibus Trade and Competitiveness Act of 1988 mandate that USTR will have the lead responsibility for the conduct of, and be the chief U.S. representative for, international trade negotiations, including commodity and direct investment negotiations. By agreement, USTR and the Department of State co-chair the Bilateral Investment Treaty negotiations.

USTR negotiates bilaterally or in regional fora with over 150 countries. The results of these negotiations, together with those in other international organizations and informal groups, must be consistent with U.S. trade policy objectives and WTO obligations.

Increasingly, USTR negotiators and their teams address a breadth of issues where trade policy and its implementation intersect with U.S. regulatory practices. This is one of USTR's fastest growing areas of work, demanding new subject matter and legal expertise. The new areas include: services regulatory issues, health, biotechnology, food safety, environment, labor, natural resources, anti-trust, and e-commerce. In many of these areas, multilateral agreements become the mechanism by which governments negotiate trade facilitating measures which are then implemented by governments worldwide, often in advance of domestic regulations.

In addition, USTR is increasingly asked to develop input for the negotiation or implementation of agreements with primarily non-trade objectives, including multilateral environmental agreements in which trade policy issues arise. The multilateral environmental agreements and negotiations in which USTR participates are listed in Appendix IX.

**GOAL 2:** Advance the national economic interest by negotiating agreements to lower trade barriers and remove trade-distorting measures.

**OBJECTIVE 3:** Negotiate trade and investment agreements that open foreign markets to goods and services of U.S. workers, agricultural producers, and other commercial interests; provide trade policy expertise in the negotiation of other agreements with trade implications.

## **GLOBAL, REGIONAL AND BILATERAL INITIATIVES**

### **World Trade Organization and Other Multilateral Institutions**

**Annual Performance Goal:** Negotiate the reduction and eventual elimination of barriers to market access for agricultural products, goods, and services under the Doha Development Agenda (DDA) within the World Trade Organization (WTO) in a manner consistent with the Trade Act of 2002. Negotiate a WTO agriculture agreement that will eliminate export subsidies by a date certain, substantially reduce trade-distorting domestic support and improve market access for all products.

**Performance Indicator:** The goal is self-defined.

#### **Performance Verification:**

#### **FY 2003**

In 2003, key contributions by the United States toward moving the Doha negotiating agenda forward included a bold proposal to eliminate all global tariffs on consumer and industrial goods by 2015, achieve substantial cuts in tariffs on agricultural products and trade-distorting subsidies, and obtain broad opening of markets for services. The United States was the only country to make such ambitious proposals in all three core areas of the Doha negotiations. Throughout 2003, the advancement of the overall Doha negotiating agenda was hindered by a slowdown in the area of agriculture resulting mainly from delays by the EU in adopting as well as translating the reform of its internal Common Agricultural Policy into WTO negotiating positions. In addition, progress during 2003 was also hampered by a hardening of positions by some trading partners against inclusion of certain new issues, despite U.S. efforts to serve as a bridge between opposing positions.

With regard to the WTO's 5<sup>th</sup> Ministerial Conference (MNC), the United States was a key participant in a series of informal ministerial-level meetings held during 2003 to engage ministers prior to the MNC in order to give shape to the issues for decision. The United States

also led in the effort to utilize other high-level meetings, such as APEC and the G-8 Summit, as fora for providing a political-level boost to progress and for obtaining further ministerial direction. The United States was the leader of the process just prior to the 5<sup>th</sup> MNC that achieved a significant agreement on the difficult question of TRIPs and health, pertaining to the issue of compulsory licensing for countries with little or insufficient manufacturing capacity. U.S. efforts alone, however, could not prevent the impasse that emerged at the MNC, given the continued reluctance by several key trading partners to move forward on the core Doha negotiating issues.

## **FY 2004**

In 2004 U.S. efforts to move the Doha negotiating agenda forward were formidable and resulted in solid gains in the core substantive areas of the agenda. Following a setback in 2003, the U.S. vowed to ensure that 2004 not be a lost year in the negotiations. The first step was to send an open letter to his WTO counterparts. In this letter, Ambassador Zoellick shared ideas about a practical way to move the negotiations forward, focusing on the core “market access” areas of agriculture, goods, and services, with work to develop frameworks that could be approved by the WTO’s membership before the end of 2004. Importantly, it suggested that WTO Members agreed to eliminate agricultural export subsidies by a date certain. The USTR’s letter was complemented by globe-spanning diplomacy - with visits to key capitals and meetings with Members at various levels of development.

Ambassador Zoellick’s visits built a network of ministers committed to moving the negotiations ahead. On agriculture, ministers from the United States, the EU, Brazil, India and Australia - “Five Interested Parties” or FIPS - began to meet to lay the groundwork on key elements in the three pillars of export subsidies, domestic support and market access. The United States participated in a series of ministerial meetings – including the OECD in Paris, APEC in Thailand and the G-90 in Mauritius - that set the course to deliver a “July package” in the WTO. In addition, President Bush made certain that the WTO negotiations were an important part of the discussion at the Sea Island G-8 Economic Summit. Following a week of round-the-clock meetings, including several key informal meetings hosted by the United States, the WTO adopted a decision in the early hours of August 1<sup>st</sup> on the core issues. The decision included, (1) negotiating frameworks for agriculture trade reform and for non-agricultural market access (NAMA), (2) an agreement to launch negotiations on trade facilitation, and (3) a commitment to intensify negotiations on opening markets in services. The July package put the negotiations back on track, and set a positive tone that prevailed in Geneva through the end of 2004.

## **FY 2005**

It is difficult to predict with accuracy whether or not we will move ahead in a timely fashion with WTO mandates. We will report fully on the WTO’s progress in the areas of agriculture, services and non-agricultural market access.

**Annual Performance Goal:** Strengthen the operation of the WTO through its regular program of work; including recording significant progress in the accessions of new Members; improving the operation of the WTO and its outreach to the public; and encouraging and enhancing the

participation of developing countries in the WTO through an activist program of coordinated technical assistance and capacity building. Utilize WTO accessions as an opportunity to mainstream trade in development programs, in particular, facilitating the accession of Iraq and Afghanistan to the WTO, inter alia, by contributing to trade-related capacity building initiatives in both countries.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 1999, 2000, 2001, & 2002**

Not applicable

**FY 2003**

In addition to pressing ahead with the negotiations under the Doha agenda, maintaining a robust approach to the ongoing work of WTO Committees was a continuing objective that was met as the year progressed. Several key 2003 decisions sought by the United States contributed to the improved operation of the WTO, ranging from adopting a biennial budget cycle to allow better planning and strategic thinking, to going forward with outreach initiatives and events by the WTO Secretariat. The United States continued to directly support WTO trade-related technical assistance programs, pledging at the 5<sup>th</sup> MNC an additional \$1.2 million for such efforts, augmenting \$1 million given earlier in 2003. At the 5<sup>th</sup> MNC, Ministers approved the accession protocols of Nepal and Cambodia, which would become the first least-developed countries to joining the WTO since its establishment in 1995.

**FY 2004**

The United States continued to participate in 28 ongoing WTO accession negotiations, as well as the WTO-initiated accession negotiations in FY 2004 with Libya, Iraq and Afghanistan. Cambodia and Laos acceded to the WTO in 2004, the first least-developed countries to become WTO Members through the accession process.

In May 2004, the United States announced that it would contribute approximately \$1 million for trade-related technical assistance to the WTO. This contribution brought total U.S. trade-related technical assistance to almost \$4 million since the start of the Doha Round of trade negotiations. The United States provides a resident WTO expert for the accession of Iraq and other forms of technical and expert support on WTO accession issues to Afghanistan.

**FY 2005**

It is difficult to predict with accuracy whether or not we will move ahead in a timely fashion with WTO negotiating mandates. We will report fully on the WTO's progress in the areas of agriculture, services and non-agricultural market access.

**Annual Performance Goal:** Use meetings of the WTO Committee on Technical Barriers to Trade to promote awareness and effective compliance with the obligations to prevent the creation of, and resolve issues associated with, unnecessary obstacles to trade arising from the development and use of standards, technical regulations and conformity assessment procedures. (New for FY 2005)

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 1999, 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on the WTO's progress in the USTR Annual Report.

**Annual Performance Goal:** Monitor implementation of the integration program for U.S. textile restrictions governed by the WTO Agreement on Textiles and Clothing (ATC) to ensure full integration as scheduled by January 1, 2005. Provide adjustments to textile restrictions subject to WTO ATC as scheduled, pursuant to ATC formula.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 1999, 2000, 2001, & 2002**

Not applicable.

**FY 2003**

The United States expanded the size of its quotas in full conformity with the phase-in formula of the ATC and rejected requests for accelerated quota increases from a number of countries. In order to enhance our information regarding the barriers to textile and apparel market access maintained by other countries, U.S. embassies were directed to submit relevant information in



conjunction with the development of the National Trade Estimate Report on Foreign Trade Barriers.

#### **FY 2004**

The United States continued to implement the ATC in a manner consistent with its obligations for quota phase-out. In 2004, the United States participated in the activities of the Textiles Monitoring Body which is supervising the implementation of the ATC and its phase-out. In 2004, there were no disputes among Members involving the application of the safeguard mechanism or other actions by restraining Members.

#### **FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on progress in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Continue to renegotiate bilateral agreements as necessary, and negotiate new agreements, as necessary, to maintain restrictions on textile and clothing exports of countries not Parties to the WTO, and monitor imports and take action necessary to implement special WTO arrangements (for example, under the special textile safeguard negotiated as part of China's WTO accession package).

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

#### **FY 2003**

In April 2003, the United States concluded a textile trade agreement with Vietnam. The agreement assists U.S. domestic manufacturers by including Vietnam within the global textile quota regime while permitting Vietnam's apparel industry to continue along its development path. The agreement also provided increased market access for U.S. suppliers as Vietnam agreed to lower its yarn, fabric and apparel tariffs and refrain from using non-tariff barriers.

An interagency review was initiated in response to petitions filed by the U.S. textile industry for relief under the China special textile safeguard mechanism with respect to knit fabric, robes and brassieres.

#### **FY 2004**

The bilateral textile agreement with Vietnam remained in force. The bilateral textile agreement with Cambodia, which was negotiated in 1998 and extended in 2001, will expire on December 31, 2004. When Cambodia became a WTO member, the United States notified the WTO under the ATC of the agreement.

In FY 2004, under the China special textiles safeguard mechanism, limits were imposed on December 24, 2003 on imports of Chinese knit fabric, cotton and man-made fiber brassieres and other body supporting garments and cotton and man-made fiber dressing gowns and robes after two rounds of consultations with China yielded no mutually satisfactory resolution. On June 28, 2004, an interagency review was initiated in response to petitions filed by the U.S. textile and apparel industry for relief from imports of Chinese-origin socks. After consultations with China were unsatisfactory, limits on imports of these products were imposed as of October 29, 2004.

## **FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on progress in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Consistent with the Administration's approach, expand market opportunities and, where appropriate, develop new disciplines or procedural rules regarding the treatment of U.S. investors abroad. **(New for FY 2005)**

**Performance Indicators:** This goal is self-defined.

### **Performance Verification:**

**FY 1999, 2000, 2001, 2002, 2003, 2004**

Not applicable.

## **FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on the WTO's progress in the USTR Annual Report.

**Annual Performance Goal:** Consistent with the Administration's approach, expand market opportunities and, where necessary and appropriate, develop new initiatives in intellectual property protection. Consistent with the Administration's approach, expand market opportunities and, where appropriate, work with trading partners to enhance electronic commerce (digital) opportunities and increased telecommunications trade for U.S. service and equipment providers.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

Completed negotiations on free trade agreements that expanded market access in telecommunications markets, and strengthened pro-competitive disciplines on accessing telecommunications networks in those markets. Negotiated new trade disciplines in the area of electronic commerce, including non-discriminatory treatment of digital products traded electronically, customs valuation on the basis of carrier medium, and no customs duties on digital equipment.

**FY 2004**

Completed additional negotiations on free trade agreements that expanded market access in telecommunications markets, and strengthened pro-competitive disciplines on accessing telecommunications networks in those markets. Negotiated new trade disciplines in the area of electronic commerce, including non-discriminatory treatment of digital products traded electronically, customs valuation on the basis of carrier medium, and on customs duties on digital products. Successfully challenged restrictive rules in Mexico's international telecommunications market in the WTO and began implementing a settlement agreement. Negotiated and concluded mutual recognition agreements for conformity assessment of telecommunications equipment.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Use meetings of the WTO Committee on Sanitary and Phytosanitary Measures to promote awareness and effective implementation and compliance with the obligations of the Agreement and participate in the Codex Alimentarius Commission to maintain and enhance market access for U.S. food and agriculture products.

**Performance Indicators:** This goal is self-defined

**Performance Verification:**

**FY 2003**

Not applicable.

## **FY 2004**

Promoted science-based sanitary and phytosanitary trade rules and disciplines at three meetings of the WTO Committee on the Application of Sanitary and Phytosanitary Measures, with particular focus on India, EU, China and Korea. Also raised concerns with WTO Members' failure to base restrictions on U.S. beef and poultry exports related to BSE and AI, respectively, on international standards. Provided leadership internationally advocating and supporting science-based decision processes related to risk assessment, product approval procedures, requirements pertaining to the planting of crops and the labeling of foods derived from biotech products in various bilateral and multilateral fora including the WTO, several committees of the Codex Alimentarius Commission, the International Plant Protection Convention, the Convention on Biodiversity's implementation of the Biosafety Protocol and others. Negotiated sanitary and phytosanitary provisions of the free trade agreements promoting compliance with WTO obligations with Australia, Morocco, Bahrain, Panama, Central America and the Dominican Republic. Initiated negotiations on SPS provisions in the free trade agreement with Thailand. Successfully convinced Indonesia to indefinitely delay imposing labeling requirements on "genetically engineered" and "irradiated" ingredients in food.

Achieved agreement from the European Union to accept a U.S. proposal that will eliminate unnecessary and costly residue tests for future U.S. beef shipments. Gained agreement from Australia to issue new sanitary import requirements to allow entry of U.S. processed pork. Gained agreement from Hong Kong to release pipeline shipments of poultry product held at port in early 2004 due to concerns about low pathogenic avian influenza. Gained agreement from Japan to release poultry shipments held at port in early 2004 due to concerns about low pathogenic avian influenza (AI). In coordination with USDA, gained agreement from Japan to regionalize future restrictions on poultry exports due to low-path AI concerns.

Worked to bring Japan into compliance with the WTO dispute panel and appellate body decisions related to Japan's unjustified phytosanitary measures on U.S. apple exports.

Initiated WTO dispute settlement against Europe's moratorium on approvals for agricultural biotechnology products. Gained market access assurances from the Chinese Government for soybean, corn and cotton crops produced through agricultural biotechnology. Through bilateral consultations, meetings on the margins of the WTO SPS Committee, and in coordination with the U.S. Department of Agriculture, India agreed to a temporary resolution of phytosanitary concerns regarding U.S. almond exports. Resulting from the U.S. working bilaterally and in the WTO SPS Committee, Korea agreed to reconsider its non-science based and discriminatory testing requirements for food, fruit and vegetables.

Worked to improve China's notification of SPS measures, science-based decision making and other WTO SPS obligations through bilateral consultations, development and conduct of a three-month training/development program for Chinese SPS specialists and the Transitional Review Mechanism (TRM) in the WTO SPS Committee and the WTO Committee on Agriculture.

Enhanced participation of 34 FTAA countries' participation in the three meetings of the WTO SPS Committee to promote full implementation of the WTO SPS Agreement in the Western Hemisphere.

### **The Americas**

**Annual Performance Goal:** Continue the negotiations among the democratically elected governments of the Western Hemisphere. Work with 33 Western Hemisphere countries to jointly: a) make progress on the market access negotiations; and b) work to resolve differences in the draft FTAA texts. Continue co-chairmanship with Brazil of the negotiations.

#### **Performance Indicators:**

The FTAA talks will center on finalizing the more detailed market access components as well as the texts of the negotiations in all negotiating groups. U.S. co-chairmanship of the overall process will include co-chairmanship of the Ministerial, Vice-Ministerial, Administrative Subcommittee meetings, and co-vice-chairmanship of the general and institutional issues committee, and the legal scrub of the text.

#### **Performance Verification:**

#### **FY 2003**

The seventh FTAA Ministerial meeting in October 2002 successfully transferred chairmanship of the overall FTAA negotiations to co-chairs United States and Brazil.

The United States successfully co-chaired with Brazil three TNC meetings.

The United States and Brazil successfully co-chaired four TNC sub-committee meetings.

The United States participated in seven meetings of the institutional issues committee in Mexico.

During FY 2003, market access negotiations were initiated in merchandise trade, services, investment and government procurement, and progress was made on the draft text of the agreement.

#### **FY 2004**

The United States continued its co-chairmanship with Brazil of the overall FTAA negotiations. The United States hosted an informal ministerial meeting and a formal ministerial at which a new framework - two track negotiations - was developed to enable the FTAA negotiations on market access and rules to move forward. The United States co-chaired with Brazil one TNC meeting and four informal meetings aimed at developing guidance on the instructions on the “common set” track and procedures for the “additional commitments” track. The third comprehensive draft text of the FTAA Agreement was published at the Ministerial meeting hosted by the United States.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President’s Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Assure that all obligations with respect to the North American Free Trade Agreement (NAFTA) are implemented in full and as scheduled. Consider deepening or enhancing the Agreement, where feasible, to promote economic integration, greater prosperity among our societies, and greater international economic competitiveness. Nearly all NAFTA obligations for eliminating tariffs, quotas, and other trade restrictions were implemented by January 1, 2003, with a small number of obligations provided a transition period lasting through January 1, 2008.

#### **Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President’s Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

#### **FY 2003**

Staff-level work was concluded on proposals to liberalize NAFTA rules for several products: alcoholic beverages, chassis fitted with engines, esters of glycerol, microphones, pearl jewelry, petroleum/topped crude and photocopiers for approval by the NAFTA Free Trade Commission (FTC). Even while full FTC approval was pending, the United States and Canada implemented these changes in their bilateral trade on January 1, 2003.

USTR assured that Mexico acted consistent with its NAFTA obligations when in July 2003 it imposed a NAFTA safeguard on U.S. exports of chicken leg quarters. The safeguard was set at a level which preserved U.S. market access and provided the United States compensation.

The CEC adopted a plan for North American cooperation to conserve biodiversity, initiated a 10-year review of NAFTA and continued work on children's health.

#### **FY 2004**

The Administration continues to build on the success of the NAFTA. During a 2004 Ministerial, the United States, Mexico, and Canada agreed to liberalize the rules of origin for a broad range of foods, consumer and industrial products, affecting over \$20 billion in trilateral trade. We will continue to work to improve the region's trade competitiveness and attractiveness to investors, both domestic and foreign.

In order to improve transparency in the operation of the Agreement, the Parties released the draft negotiating text of NAFTA Chapter 11, and have begun work to release the remaining chapters. The parties also agreed to allow open hearings for investor-state and state-state disputes.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on implementation in the FY 2005 annual performance report.

**Annual Performance Goal:** Implement the provisions of the Caribbean Basin Trade Preferences Act (CBTPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) and promote effective compliance with the eligibility criteria of these programs.

#### **Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

#### **FY 2003**

Beginning in January 2003, USTR undertook negotiations of an FTA with several CBI beneficiaries, as called for in the CBTPA. Negotiations initially included Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. The United States used its dialogue with the Dominican Republic under the TIC mechanism to prepare both sides to begin FTA negotiations. On August 4, the President announced his intention to negotiate an FTA with the Dominican Republic.

The United States met frequently with members of the Caribbean Community and Common Market (CARICOM) in conjunction with their active participation in FTAA talks. In July 2003, the USTR met with CARICOM trade ministers in Jamaica to discuss ways to further enhance trade relations.

#### **FY 2004**

ATPDEA: USTR conducted the 2004 ATPDEA Annual Review. USTR received petitions to review certain practices in certain beneficiary countries to determine whether such countries were in compliance with eligibility criteria. In addition, USTR kept under review certain of the petitions that had been filed in the 2003 ATPA Annual Review. In 2004, the ATPA process helped resolve certain investor disputes with Colombia and Ecuador worth about \$100 million, and fostered improved enforcement of laws against child labor in Ecuador.

CBTPA: During 2004, the Administration consulted with the private sector and Congress to ensure that the CBI benefits available to Caribbean beneficiaries would not be diminished by implementation of the FTA with Central America and the Dominican Republic.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue to implement the U.S.-Chile Free Trade Agreement as scheduled, and consider accelerated or broader implementation, as appropriate.

#### **Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

#### **FY 2003**

Negotiations on an FTA with Chile were concluded in December 2002. The agreement was signed on June 6, 2003. Congress passed legislation to implement the agreement on July 23, 2003. The President signed the legislation into law on September 3, 2003. Preparations for the implementation of the agreement began during the fourth quarter of FY 2003.

#### **FY 2004**



Held first U.S.-Chile Ministerial Meeting, established various bilateral committees, reviewed implementation of Chapter 17 Intellectual Property. USTR developed implementation matrix to monitor implementation.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Use enhanced dialogue with members of Mercosur (Brazil, Argentina, Uruguay and Paraguay) to pursue, where possible, our common interest in greater trade liberalization globally, regionally, and bilaterally.

**Performance Indicators:** Discussions are likely to include several technical groups.

#### **Performance Verification:**

#### **FY 1999, 2000, 2001, & 2002**

Not applicable.

#### **FY 2003**

The agency administered a meeting of the U.S.-Argentina Bilateral Committee on Trade and Investment to look at means to strengthen the bilateral trade relationship, improve understanding of the GSP system and resolve bilateral trade irritants.

USTR organized meetings with Paraguay to establish a Joint Commission on Trade and Investment to address bilateral trade issues and initiate negotiation of a new Memorandum of Understanding on Intellectual Property as required by U.S. law under section 306 monitoring.

#### **FY 2004**

Signed U.S.-Uruguay Bilateral Investment Treaty;

Signed U.S.-Paraguay Memorandum of Understanding on Intellectual Property Rights; and

Held meetings of the U.S.-Argentina Bilateral Committee on Trade and Investment and the U.S.-Brazil Bilateral Consultative Mechanism.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Complete FTA negotiations with Panama. Complete Andean FTA negotiations with Colombia, Ecuador, and Peru.

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2003**

Not applicable.

**FY 2004**

Launched negotiations on the U.S. Panama FTA. Through year-end 2004 there were 5 additional negotiating rounds. Same for U.S. Andean FTA. No final agreements negotiated in FY 2004.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Europe, Mediterranean and the Middle East**

**Annual Performance Goal:** Explore initiatives for further liberalizing transatlantic trade and investment. Negotiate and conclude agreements with the European Union (EU) and other countries in Europe that improve regulatory cooperation and facilitate trade: for example, pursue additional regulatory cooperation under the Transatlantic Economic Partnership Guidelines for Regulatory Cooperation and agreements for mutual recognition in select areas with members of the European Free Trade Area.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2003**

Concluded negotiations of a Mutual Recognition Agreement (MRA) on marine equipment with the EU;

Launched negotiations with the European Free Trade Association on an MRA for telecommunications equipment, electromagnetic compatibility and recreational craft;

Launched regulatory cooperation projects with the European Commission on the U.S.-EU Guidelines on Regulatory Cooperation and Transparency in areas of cosmetics, auto safety, food additives, nutritional labeling and metrology;

Reached preliminary agreement with the European Commission that the EU could accept alternative U.S. anti-microbial treatments used in poultry processing with a view to reaching a final agreement that would re-open the EU market to U.S. poultry exports (banned since 1997).

#### **FY 2004**

Entered into negotiations with the EU about U.S. concerns associated with the accession of 10 new Member States to the EU as of May 1, 2004. These negotiations related to enlargement concerns including those within the framework of the WTO for the provision of appropriate trade compensation to the U.S. as provided in GATT provisions relating to the expansion of customs unions.

Continued negotiations on a bilateral wine agreement to provide U.S. wine makers' equitable access to the EU wine market.

In February 2004, reached agreement with the EU on a new, precedent-setting MRA on marine equipment.

Adopted U.S.-EU Regulatory Cooperation Roadmap which provides framework to cooperate on a broad range of important areas such as pharmaceuticals, automotive safety, information and communications technology, cosmetics, consumer product safety, chemicals, nutritional labeling and eco-design of electrical/electronic products.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Negotiate and conclude agreements or other arrangements with remaining Central and Eastern European countries applying for EU accession (for example, Bulgaria, Croatia, Romania) to address issues related to accession (for example, remaining tariff disadvantages faced by U.S. products in those markets vis-à-vis EU products).

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2003**

Launched negotiations with Romania aimed at narrowing the tariff differentials faced by U.S. exporters compared with the duty-free access accorded to EU -origin exports;

Concluded discussions and signed MOUs with the European Commission and several of the United States' Bilateral Investment Treaty (BIT) partners which are also EU accession candidates concerning amendments to the BITs necessary to bring them into conformity with EU obligations.

**FY 2004**

Continued discussions with Bulgaria and Romania to address tariff differentials faced by U.S. exporters as compared with EU exporters in the period leading up to these countries' accession to the European Union.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Continue progress towards WTO accession by Russia, Ukraine, and Saudi Arabia.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2003**

Russia's WTO accession was particularly active in 2003, as Russia took some steps to put in place new and amended laws and regulations to bring greater conformity with WTO provisions. U.S.-Russia bilateral discussions on Russia's offers on goods and services market access continued throughout 2003. Agreement in principle was reached with Russia on market access

parameters for U.S. poultry, pork and beef. Russia was pressed to improve IPR protection as well as to bring into WTO conformity its regimes for assessing customs duties and applying other requirements to imports.

#### **FY 2004**

Each of the negotiations was more active in 2004, with substantial narrowing of issues in the bilateral negotiations with Russia and Saudi Arabia. IPR and agriculture remain trouble spots in the Russian Accession. Saudi Arabia is developing new IPR laws and reviewing its position on accession, particularly in services where the problems have been most difficult.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Implement the FTA with Morocco. (New for FY 2005)

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

#### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Initiate and conduct FTA negotiations with Oman and the United Arab Emirates. Intensify work with Egypt under the U.S.-Egypt TIFA, looking toward a possible FTA negotiation under MEFTA. Advance the President's Middle East Free Trade Area initiative by seeking progress on WTO accession for countries in the region not already WTO members and negotiating TIFAs and FTAs with additional countries in the region. (New for FY 2005)

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Assist Egypt and Israel in the successful launch and development of the newly-designated qualified industrial zones pursuant to their bilateral agreement. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Actively pursue trade-related activities in the U.S.-Iraq Joint Economic Council. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

## **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Seek out possibilities for negotiating agreements to preserve existing market access and create new market openings with countries of the former Soviet Union, especially Russia and Ukraine.

**Performance Indicators:** This goal is self-defined.

## **Performance Verification:**

### **FY 2003**

Launched negotiations for a Trade and Investment Framework Agreement with five Central Asian republics (Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan and the Kyrgyz Republic);

Inaugurated a U.S.-Armenia Trade and Investment Working Group to address barriers to trade between the two countries.

### **FY 2004**

In FY 2004, Russia was again placed on the Special 301 "Priority Watch List" because of deficiencies in the protection and enforcement of IPR. In March 2004, Russia re-established an inter-ministerial committee which took some steps to remedy optical media piracy. Russia and the United States continued to work to finalize an agreement to ensure that U.S. producers of poultry, pork and beef continued to have access to the Russian market. Sanctions remained in effect against Ukraine as a result of the extensive optical media piracy in that country and Ukraine's failure to adopt legislation that would provide for effective domestic enforcement.

### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Pursue new structured dialogue on trade issues with countries of Central Asia under the U.S.-Central Asia TIFA. **(New for FY2005)**

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on progress in the President's Annual Report released on March 1, 2005.

**Africa**

**Annual Performance Goal:** Further implement the African Growth and Opportunity Act (AGOA) and intensify efforts to help countries participate more fully in the opportunities provided by AGOA.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2002**

Designation of countries for apparel benefits were announced by Federal Register Notice. The U.S. sub-Saharan Africa Trade and Economic Cooperation Forum took place in October 2001. An annual review of country eligibility was completed in December 2001 and Cote d'Ivoire became eligible under AGOA in May 2002 as a result of that review. The Trade Act of 2002 included several enhancements to AGOA, including: 1) a doubling of the annual quantitative limit on apparel produced in the region from regional fabric; 2) the extension of lesser developed country benefits to Botswana and Namibia, allowing producers there to use third-country fabric in qualifying apparel; 3) the inclusion of knit-to-shape apparel in the list of goods eligible for quota and duty-free treatment under AGOA; and 4) correction of a technical definition for the use of fine merino wool. USTR and other members of the interagency AGOA implementation subcommittee produced a comprehensive AGOA Implementation Guide, and maintained a



website to disseminate AGOA information. The second annual report to Congress on AGOA implementation and trade policy toward sub-Saharan Africa was submitted in May 2002.

### **FY 2003**

As a result of the annual AGOA eligibility review, two countries - the Central African Republic and Eritrea - lost their status as AGOA beneficiary countries. The designation of countries eligible to receive apparel benefits were announced in the Federal Register. As directed by Congress in the AGOA, negotiations to enter into a free trade area with the countries of the Southern African Customs Union (SACU) were launched. We consulted with sub-Saharan African countries on AGOA to strengthen our trade capacity building initiatives and help them develop stronger linkages with the World Bank and other institutions.

### **FY 2004**

Annual reviews of countries to determine eligibility for AGOA's benefits were completed and the President announced the countries to be eligible in 2005. Burkina Faso was added to the list of eligible countries and Cote d'Ivoire was removed from eligibility. The annual report to Congress on AGOA implementation and trade policy toward sub-Saharan Africa was submitted. As of December 2004, 24 AGOA-eligible countries had instituted acceptable customs measures to prevent illegal transshipment and, accordingly, had been certified for AGOA's textile and apparel benefits. The AGOA Acceleration Act of 2004 was enacted which, *inter alia*: extended AGOA until 2015; extended AGOA's special third country fabric provision through September 30, 2007; adopted other technical amendments to allow broader eligibility for products incorporating certain inputs; and encouraged the development of policies to enhance trade capacity and infrastructure projects.

### **FY 2005**

Annual reviews of countries to determine eligibility for AGOA's benefits will be completed in CY 2004. The annual report to Congress on AGOA implementation and trade policy toward sub-Saharan Africa will be submitted in May 2004.

The fourth annual U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum will take place in CY 2004. Designation of countries for apparel benefits will be announced by Federal Register Notice.

We will continue to work cooperatively with African countries to broaden and strengthen our trade capacity building initiatives.

**Annual Performance Goal:** Advance the FTA negotiations with the Southern African Customs Union (SACU).

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual

Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Support development in Africa through increased trade capacity building efforts, use of Millennium Challenge Corporation (MCC) resources for eligible and threshold countries, extending trade preferences to eligible countries under AGOA and the U.S. Generalized System of Preferences (GSP), and developing the infrastructure, institutions, and trade-related services sectors that support increased trade.

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Asia-Pacific/APEC**

**Annual Performance Goal:** Encourage Asia Pacific Economic Cooperation (APEC) members to establish more open trade and investment regimes. Advance APEC Leaders' objectives of improving trade facilitation by removing unnecessary barriers to trade, and pursuing trade liberalization through comprehensive free trade agreements and regional trade agreements.

Work within APEC to reduce counterfeiting of intellectual property, promote best practices for FTAs, accomplish specific industry trade and investment objectives, including in the automotive, chemical, information technology, and life sciences industries.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2002**

As reported in the 2002 President's Annual Report, the following were the key accomplishments in moving APEC economies toward its goals of free and open trade and investment, including through implementation of the Shanghai Accord, a set of specific commitments to move economies toward this end:

Statement to Implement APEC Transparency Standards by January 2005, a commitment to adopt specific transparency standards to foster greater predictability and openness of government.

Statement to Implement APEC Policies on Trade and the Digital Economy, an agreement to reduce trade barriers critical for the digital economy.

APEC Trade Facilitation Action Plan to implement APEC's commitment to reduce international trade transactions costs by 5 percent in the APEC region by 2006.

**FY 2003**

In FY 2003, the United States accomplished the following things through APEC:

- APEC Trade Ministers agreed in June 2003 to support WTO negotiations on trade facilitation, thereby creating a key bloc of supporting countries;
- APEC senior officials held a dialogue to assist in making the substantive content of members' free trade and regional trade agreements more transparent and better understood;
- APEC Trade Ministers adopted Transparency Standards on Government Procurement;
- APEC made progress implementing the Leaders' Pathfinder Statement to Implement APEC policies on Trade and the Digital Economy, an agreement to reduce services, intellectual property and tariff barriers critical for the digital economy; and
- APEC held a High Level Conference on structural reform and will, in conjunction with the OECD, develop a checklist on regulatory reform.

## **FY 2004**

APEC Trade Ministers were critical in generating momentum for the Doha Development Agenda (DDA) negotiations, particularly with respect to trade facilitation.

In a special meeting of APEC senior officials, economists, and private sector representatives, APEC continued its work to lower transaction costs and cut red tape for business.

APEC senior officials developed a set of best practices on Regional and Free Trade Agreements (RTAs/FTAs) in the region, including the need for such agreements to be comprehensive, WTO-plus, and transparent.

APEC Trade Ministers endorsed Transparency Standards on Government Procurement.

APEC Ministers took actions to strengthen IPR protection by adopting a set of best practices related to optical disk production.

## **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2006.

**Annual Performance Goal:** Negotiate and conclude agreements to open more fully markets in the Asia Pacific region as envisioned in the President's Enterprise for ASEAN Initiative (EAI).

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

## **FY 2002**

As reported in the 2002 President's Annual Report, the following were the key initiatives and agreements in 2002:

Virtually concluded substantive negotiation of Singapore FTA, the first comprehensive agreement between the United States and an Asian nation and an FTA that will serve as a benchmark for possible FTAs with other countries in Southeast Asia.

Virtually concluded a Trade and Investment Framework Agreement (TIFA) with Thailand, an important ally in Southeast Asia.

Set the stage for announcement of the Enterprise for ASEAN Initiative, under which the United States offered the prospect of bilateral FTAs with ASEAN countries committed to the economic reforms and openness inherent in FTAs with the United States.

### **FY 2003**

After intensive work on issues of longstanding concern, the launch of FTA negotiations with Australia was announced on November 13, 2002. Three full negotiating rounds were held during the balance of FY 2003 and substantial progress was made in the negotiations.

On October 26, 2002, President Bush launched the Enterprise for ASEAN Initiative (EAI). The EAI offers the prospect of bilateral free trade agreements (FTAs) between the United States and ASEAN countries that are committed to economic reforms and openness.

In FY 2003, the following achievements occurred under the EAI:

- conclusion of FTA negotiations with Singapore.
- concluded TIFAs with Thailand and Brunei and launched TIFA negotiations with Malaysia.
- On Sept. 11, 2003, Cambodia was accepted for membership in the WTO, the first step toward further engagement under the EAI.

### **FY 2004**

Implementation of the U.S.-Singapore FTA, negotiations toward an FTA with Thailand and negotiation of a TIFA with Malaysia all work toward fulfilling the EAI.

### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Continue implementation of the U.S.-Vietnam Bilateral Trade Agreement and continue progress towards Vietnam's WTO accession.

#### **Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

### **FY 2003**

Vietnam initiated implementation of its obligations under the U.S.-Vietnam Bilateral Trade Agreement, which entered into force on December 11, 2001.

#### **FY 2004**

The Joint Committee established by the BTA met in May 2004. It discussed the importance of Vietnam's meeting the timetables for implementation contained in the BTA, Vietnam's pursuit of WTO membership, and operation of the U.S.-Vietnam textile agreement.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue to implement the U.S.-Singapore Free Trade Agreement as scheduled, and consider accelerated or broader implementation, as appropriate.

#### **Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

#### **FY 2000, 2001, & 2002**

Not applicable.

#### **FY 2003**

Negotiations on an FTA with Singapore were concluded in November 2002. The agreement was signed on May 6, 2003. Congress passed legislation to implement the agreement on July 31, 2003. The President signed the legislation into law on Sept. 3, 2003. Preparations for actual implementation of the agreements provisions began during the fourth quarter of FY 2003.

#### **FY 2004**

The FTA entered into force on January 1, 2004. Trade grew during the first year of the FTA. U.S. exports to Singapore grew on an annualized basis by 16 percent, in particular exports of information technology equipment, minerals and fuels and furniture. Singapore's implementation of the agreement proceeded according to the time frames set out in the agreement.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Implement the FTA Australia on January 1, 2005, and consider accelerated or broader implementation, as appropriate. **(New for FY 2005)**

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**North Asia**

**Annual Performance Goal:** Enhance trade and investment ties in the region, including preparations for, and launching of, TIFAS, FTAs and bilateral investment treaties with additional countries in the region. **(New for FY 2005)**

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Implement the U.S.-Laos Bilateral Trade Agreement and work with Cambodia on implementation of its WTO accession commitments. **(New for FY 2005)**

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue negotiations of the U.S.-Thailand FTA **(New for FY 2005).**

**Performance Indicators:**

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**



Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Enhance dialogue and coordination on trade issues with Japan through use of bilateral and multilateral fora. Address market access and other trade-related issues and seek full implementation of existing bilateral and multilateral commitments to open more fully Japan's market for U.S. goods, services, and agricultural products.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

#### **Performance Verification:**

##### **FY 2000, 2001, 2002, & 2003**

Not applicable.

##### **FY 2004**

Concluded a comprehensive regulatory reform agreement with Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative in June 2004. Sectors covered under this agreement included telecommunications, information technologies, energy, and medical devices and pharmaceuticals.

Used appropriate WTO and APEC fora to press Japan to resolve trade issues in a number of areas including telecommunications, SPS issues, transparency, and IPR.

Actively supported efforts to advance the Doha Development Agenda, including regular interaction with Japan to urge that country to adopt a more constructive approach.

##### **FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Lay groundwork for possible FTA with Korea by addressing market access and other trade-related issues. Continue to enhance trade dialogue and coordination in multilateral fora and seek full implementation of existing bilateral and multilateral commitments. Work with Korea, APEC host country for 2005, to advance trade liberalization in the Asia-Pacific region. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003**

Not applicable.

**FY 2004**

Met on a quarterly basis to resolve bilateral trade issues and ensure fulfillment by Korea of its bilateral and multilateral commitments particularly related to: autos, pharmaceuticals, telecommunications, agriculture, intellectual property rights (IPR), and subsidies.

As part of these quarterly trade meetings, resolved a number of issues including: resolution of a tax issues which inhibited sales of large U.S. trucks in Korea; persuaded Korea not to mandate a restrictive telecom standard thereby allowing U.S. firms to continue to thrive in this lucrative market; convincing Korea to adopt new protections for IPR, particularly in the area of copyrights.

Launched new regulatory, reform/transparency initiative with Korea.

Used appropriate WTO and APEC fora to press Korea to resolve trade issues in a number of areas including telecommunications, subsidies, SPS issues, transparency, and IPR.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**China**

**Annual Performance Goal:** Continue to seek changes in Chinese industrial policies that limit market access by non-Chinese-origin goods or seek to extract technology and intellectual property from foreign rights-holders. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue to work to ensure that China adheres fully to its commitments to open service sectors and does not maintain or erect new entry barriers. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**South Asia**

**Annual Performance Goal:** Increase bilateral trade and investment with the South Asia region in order to strengthen its capacity to benefit from the global economy and to ensure that U.S. interests benefit from these opportunities as they arise. Negotiate and conclude agreements to more fully open markets in South Asia, in particular, utilizing the TIFA mechanisms already in place and, if appropriate, FTAs. Enhance trade and investment ties, including preparations for possible bilateral FTAs with South Asian partners. The reinvigoration of this relationship

complements policy goals regarding U.S. presence and alliances in South Asia. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Undertake confidence-building initiatives to develop new trade and investment relationships with South Asian developing economies, in particular through the delivery of trade-related capacity building. Continue implementing initiatives that foster new trade ties between the United States and this region through regular consultations and a restructured dialogue. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Implement the TIFA that was concluded with Afghanistan in FY 2004, paying particular attention to assisting Afghanistan in developing a transparent standards regime for exports and imports and in devising state-of-the-art laws and regulations for the treatment of foreign investment. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

## MONITORING AND ENFORCEMENT INITIATIVE

Since 1984, USTR has negotiated bilateral, regional, and multilateral trade agreements and trade-related declarations (Appendix VII). These agreements, combined with aggressive export promotion and vigorous enforcement of U.S. trade laws, have helped increase U.S. exports of goods and services.

The successful negotiation of these trade agreements has led to a greater emphasis on ensuring compliance by foreign governments with their obligations under these agreements. In January 1996, USTR created a new Monitoring and Enforcement unit, a further extension of efforts to identify barriers to U.S. goods and services in markets abroad and to ensure compliance with international trade agreements. Monitoring and enforcement is also carried out by negotiators in the course of their work with trading partners and by those who attend standing committees in the WTO.

The FY 2001 budget provided additional resources for USTR to strengthen its ability to pursue a two-track strategy of negotiating agreements and ensuring that the terms of those agreements are fulfilled. This initiative created new positions in four areas of expertise: legal, economic, geographic, and sectoral. USTR also substantially increased staff devoted to the litigation of WTO trade disputes in all sectors, especially agriculture, manufacturing, services, and intellectual property protection. Significantly, USTR has increased by 50 percent the professional staff in USTR's China office.

**Monitoring.** With respect to monitoring activities, USTR has created and maintained a trade agreements archive, and has undertaken initiatives to monitor compliance with bilateral, regional, and specific WTO agreements, including a number of countries' WTO accession

commitments. This work has been supported and complemented by the Department of Commerce's Trade Compliance Center.

**Enforcement.** When, as a result of monitoring, USTR determines that a foreign government is not complying with its trade agreement obligations, an appropriate response by the United States is developed through the Trade Policy Staff Committee process, including strategically applying U.S. trade laws and, where appropriate, invoking dispute settlement provisions under the trade agreement. USTR represents the United States in litigation of all disputes to which the United States is a party in dispute settlement proceedings under the WTO, the NAFTA, and other multilateral and bilateral trade agreements. USTR also applies the provisions of U.S. trade laws to back up international enforcement of U.S. trade agreement rights and obligations and to address problems that are outside the scope of trade agreements. USTR administers several laws designed to ensure that U.S. companies and workers can petition the government to address foreign unfair trade practices that adversely affect U.S. economic interests, and deal with unfair or dramatically increased imports.

**GOAL 3:** Monitor, enforce, and where necessary, modify trade and investment agreements to ensure that the intended benefits are achieved.

The Monitoring and Enforcement goal covers all aspects of trade agreement implementation, including dispute settlement. For the United States to maintain an effective trade policy and an open international trading system, its citizens must have confidence that trade is fair and works for the good of all people. That means ensuring that other countries live up to their obligations under the trade agreements they sign.

**OBJECTIVE 4:** Monitor, enforce, and defend U.S. trade and investment rights and obligations to ensure compliance with the terms of existing agreements. Administer trade laws to bolster international compliance with U.S. trade agreement rights and obligations and address trade-related problems that are outside the scope of existing trade agreements.

**Annual Performance Goal:** Identify cases to be pursued under WTO and FTA dispute settlement procedures and/or under U.S. trade statutes. Work to resolve current dispute settlement proceedings on a basis favorable to the United States.

**Performance Indicator:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

- Won WTO ruling against Japanese restrictions on imports of U.S. apples.

- Won WTO appellate ruling that Canada did not comply with earlier WTO finding against its dairy subsidies, and secured Canada's compliance.

- Secured India’s compliance in WTO case against Indian restrictions on imports of U.S. auto assemblies.
- Successfully defended U.S. procedure for five-year reviews of dumping duty orders and the application of that procedure to Japanese steel companies (Japan Sunset case).
- Successfully defended WTO case involving an Indian challenge to U.S. textiles rules of origin, the first successful defense in a textile dispute at the WTO.
- Settled dispute with Mexico on its antidumping duties on imports of live swine through removal of the duties.
- Defended U.S. steel safeguard measures in the largest dispute ever before the WTO, involving 8 complaining countries and thousands of pages of briefs.
- Litigated case against Mexico’s anti-competitive telecommunications policies.
- Defended numerous U.S. laws and actions against WTO challenges.
- Initiated WTO dispute settlement proceedings challenging: (1) Venezuela’s protectionist import licensing scheme; (2) Canada’s unfair practices with respect to wheat; (3) the European Communities’ protection of trademarks and geographical indications; (4) the European Communities’ restrictions on biotechnology products; and (5) Mexico’s anti-dumping duties on U.S. rice and beef.

#### **FY 2004**

- Won WTO case against Mexico’ anti-competitive telecommunications policies, with potential savings to U.S. consumers and business worth hundreds of millions of dollars.
- Won WTO case against discriminatory Canadian wheat trading practices.
- Defended WTO cases involving Canadian challenges to U.S. countervailing and antidumping duties on softwood lumber.
- Defended WTO case involving Brazilian challenge to U.S. cotton program.
- Initiated WTO dispute settlement proceedings challenging: (1) Egypt’s excessive apparel taxes; (2) Mexico’s discriminatory taxes on soft drinks and other beverages sweetened with high fructose corn syrup; (3) China’s discriminatory taxes on semiconductors (the first WTO dispute initiated against China); and (4) the European Communities’ administration of its customs laws in a manner that fails to provide basic protection to U.S exporters; and
- Settled dispute with Egypt on its excessive apparel tariffs.



## **FY 2005**

Initiation and resolution of case is communicated to the public through press releases posted on our website and through notices in the Federal Register.

**Annual Performance Goal:** Closely monitor and aggressively enforce our existing trade agreements, including U.S. rights under existing WTO Agreements, to ensure a level and fair playing field for America's workers, farmers and businesses.

**Performance Indicators:** This goal is self-defined

**Performance Verification:**

## **FY 2000, 2001, 2002, & 2003**

Not applicable.

## **FY 2004**

-Litigated case against European Communities' moratorium on biotech approvals. Litigated cases against European Communities' discriminatory regime for protecting geographical indications.

-Litigated case against Mexico's antidumping duties on rice.

-Defended numerous other U.S. laws and actions against WTO challenges.

-Initiated WTO compliance proceedings on Japanese restrictions on imports of U.S. apples; and

-Settled dispute with China on its discriminatory taxes on semi-conductors.

## **FY 2005**

Implementation of the agenda will be documented in the Annual Report released on March 1, 2005.

**Annual Performance Goal:** Monitor other WTO Members' implementation of commitments to ensure compliance, including those subject to transition periods and waivers.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

## **FY 2000, 2001, 2002, & 2003**

Not applicable.

## **FY 2004**

The majority of so-called implementation issues have been resolved through consultations. Nonetheless, outstanding issues remain, including the treatment of rules issues, particularly trade-related investment measures and whether to expand the negotiations in the TRIPS agreement regarding geographical indications beyond wines and spirits which the WTO Director-General will take up with Members as a part of the preparations for the Hong Kong, China ministerial.

As a result of the TRIPS Agreement's staggered implementation provisions, the TRIPS Council continued to devote considerable time to reviewing the Agreement's implementation by developing country Members and newly acceding Members as well as to providing assistance to developing country Members so they can fully implement the Agreement. During the TRIPS Council meetings, the United States continued to press for full implementation of the TRIPS Agreement by developing country Members and participated actively during the reviews of legislation by highlighting specific concerns regarding individual Members' implementation.

## **FY 2005**

Progress or failure of implementation commitments is communicated to the public through press releases posted on our website and through notices in the Federal Register.

**Annual Performance Goal:** Continue to monitor and aggressively enforce trade commitments undertaken by China as part of its WTO accession to ensure a level playing field for U.S. workers, farmers, and businesses. This will include completion of the annual report on China's compliance with its WTO commitments.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program and USTR's Report to Congress on China's WTO Compliance the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

## **FY 2003**

In FY 2003, China took a number of important steps as a result of U.S. efforts at the WTO and through bilateral engagement (including through a newly established trade dialogue led by USTR and its Chinese counterpart). China began to take steps to correct systemic problems in its administration of tariff-rate quotas for agricultural products; relaxed certain barriers to soybean trade that allowed U.S. exporters to achieve record sales; reduced capitalization standards in certain financial services sectors; opened up motor vehicle financing; and solved outstanding concerns that had prevented China's membership in the WTO Information Technology

Agreement. At the same time, China's WTO implementation efforts lost a significant amount of momentum in FY 2003. Shortcomings were noteworthy in the areas of agriculture, IPR, services, value-added tax administration, transparency and trading rights and distribution services.

## **FY 2004**

In FY 2004, as trade problems with China mounted, the Administration responded by stepping up its efforts to engage China's senior leaders. Following a framework agreed to by President Bush and Premier Wen Jiabao, the United States and China held a high-level Joint Commission on Commerce and Trade (JCCT) meeting in April 2004 following a series of frank exchanges covering a wide range of issues in late 2003 and early 2004. At that meeting, the two sides achieved the resolution of no fewer than seven potential disputes over China's WTO compliance,

including issues related to trading and distribution rights, biotechnology, and China's proposed adoption of a mandatory encryption standard for wireless networking. In FY 2004, the United States also initiated and successfully resolved the first-ever dispute settlement case brought against China at the WTO. In that case, the United States challenged discriminatory value-added tax policies that favored Chinese-produced semiconductors over imported semiconductors. The United States also effectively used other mechanisms at the WTO throughout the year, including the transitional review process for China, to draw attention to a variety of areas where China needed to make progress. At the same time, significant problems remain in China's compliance with its WTO commitments. As noted in the USTR 2004 Report to Congress on China's WTO Compliance, the United States had priority concerns in the areas of intellectual property rights (IPR), distribution rights, services, agriculture, industrial policies, and transparency.

## **FY 2005**

Progress or failure of implementation commitments are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** In conjunction with the Department of Commerce, convene meetings of the United States - China Joint Commission on Commerce and Trade (JCCT) Working Groups on Intellectual Property Rights; Textiles; Structural Concerns; and Statistics. Utilize such meetings to address U.S. trade policy goals in those respective areas, evaluate previous JCCT commitments, and develop an ongoing and focused problem-solving agenda for cabinet-level meetings of the JCCT. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

## **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue to place the highest priority on improvements in IPR protection. Conduct an out-of-cycle review under the Special 301 provisions of U.S. trade law to assess China's implementation of its commitments to substantially reduce IPR infringement levels. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

### **Performance Verification:**

#### **FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

### **Other**

**Annual Performance Goal:** Monitor and review Taiwan's implementation of WTO commitments to ensure compliance.

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

### **Performance Verification:**

#### **FY 2003**

We continued to monitor Taiwan's progress in implementing its WTO commitments and worked with the Taiwan government to address shortcomings in several areas, including the need for increased market access for agricultural products, improvements in IPR protection and enforcement and further opening of Taiwan's telecommunications market.

#### **FY 2004**

We continue to monitor Taiwan's progress in implementing its WTO commitments and worked with the Taiwan government to address shortcomings in several areas, including the need for increased market access for agricultural products, improvements in IPR protection and enforcement and further opening of Taiwan's telecommunications market.

#### **FY 2005**

Progress or failure of implementation commitments are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Annually review implementation of bilateral and regional trade agreements, including through preparation of the National Trade Estimate Report, and identify strategies for resolving implementation problems.

**Performance Indicator:** The goal is self defined.

#### **Performance Verification:**

#### **FY 1999, 2000, & 2001**

Not applicable.

#### **FY 2002**

The National Trade Estimate Report was published in April 2002.

#### **FY 2003**

The National Trade Estimate Report was published in April 2003.

#### **FY 2004**

The National Trade Estimate Report was published in April 2004.

#### **FY 2005**

Bilateral trade agreements will be reviewed at least once annually. Significant barriers will be reported in the National Trade Estimate Report published March 31, 2005.

**Annual Performance Goal:** Negotiate with the EU for compensation under WTO rules for adverse trade effects of enlargement of the EU. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report

on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Pursue monitoring and enforcement through persuasion, explanation, building local support, offering incentives, providing assistance, deploying disincentives, negotiating, and litigating. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, 2004**

Not applicable.

**FY 2005**

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** Employ multifaceted strategy to ensure and preserve the integrity of intellectual property rights, focusing on countries where inadequate protection and enforcement have the greatest adverse impact on U.S. industry; monitoring implementation of intellectual property obligations under the relevant trade agreements to ensure compliance; and developing other cooperative mechanisms to facilitate international enforcement and protection of intellectual property rights. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Help coordinate implementation of key elements of the Strategy Targeting Organized Piracy (STOP), a government-wide initiative to fight billions of dollars in global trade in pirated and counterfeit goods, especially at national borders. USTR will work closely with other agencies to secure the cooperation of like-minded trading partners in this effort, and will help coordinate efforts to implement new domestic customs procedures to increase the costs of intellectual property theft to violators and undertake the overhauling, updating and modernizing of U.S. intellectual property statutes. **(New for FY 2005)**

**Performance Indicators:** It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003, & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Monitor and recommend actions to promote effective compliance with, and enforcement of, workers' rights and other provisions and eligibility criteria of the Generalized System of Preferences (GSP) program, Andean Trade Promotion and Drug Eradication Act (ATPDEA), Caribbean Basin Trade Promotion Partnership Act (CBTPA), the Africa Growth and Opportunity Act (AGOA) and in trade agreements.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

USTR, working through the TPSC, administered the eligibility and product coverage provisions of each of these programs in keeping with statutory deadlines and requirements. The TPSC reviewed, inter alia, petitions requesting the suspension or removal of trade benefits under these programs for countries accused of failing to adequately provide internationally recognized worker rights.

#### **FY 2004**

ATPDEA: USTR conducted the 2004 ATPDEA Annual Review. USTR received petitions to review certain practices in certain beneficiary countries to determine whether such countries were in compliance with eligibility criteria. In addition, USTR kept under review certain of the petitions that had been filed in the 2003 ATPA Annual Review. In 2004, the ATPA process helped resolve certain investor disputes with Colombia and Ecuador worth about \$100 million, and fostered improved enforcement of laws against child labor in Ecuador.

CBTPA: During 2004, the Administration consulted with the private sector and Congress to ensure that the CBI benefits available to Caribbean beneficiaries would not be diminished by implementation of the FTA with Central America and the Dominican Republic.

GSP: Algeria and Iraq designated as beneficiary countries. Czech Republic, Hungary, Latvia, Lithuania, Poland and Slovakia removed due to accession to EU. Antigua, Barbuda, Bahrain and Barbados graduated from GSP effective January 1, 2006. Titanium from Russia removed from GSP eligibility. Review initiated on GSP eligibility for Serbia and Montenegro.

AGOA: Annual reviews of countries to determine eligibility for AGOA's benefits were completed and the President announced the countries to be eligible in 2005. Burkina Faso was added to the list of eligible countries and Cote d'Ivoire was removed from eligibility.

#### **FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report and on the USTR website.

**Annual Performance Goal:** Monitor trade and, working with other agencies, act to prevent illegal transshipment of textile and apparel products from entering the commerce of the United States, taking remedial action as necessary.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, & 2003**

Not applicable



**FY 2004**

Resolution of cases is communicated to the public through press releases and activities with respect to various aspects of this goal was reported in the President's Annual Report released on March 1, 2004.

**FY 2005**

Resolution of cases is communicated to the public through press releases and activities with respect to various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005.

**Annual Performance Goal:** In cooperation with U.S. industry and government agencies, monitor compliance by our trading partners with market opening obligations to ensure that the ATC integration program results in truly meaningful access to overseas markets for U.S. textile and clothing exporters. Initiate consultations/remedial action where countries are out of compliance.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:****FY 2000, 2001, 2002, & 2003**

Not applicable.

**FY 2004**

Reporting on barriers which represent significant obstacles to U.S. exports of U.S. textile and clothing was emphasized in the reporting from U.S. overseas posts in conjunction with the preparation of the annual National Trade Estimate report.

**FY 2005**

Resolutions of cases are communicated to the public through press releases and activities with respect to various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005.

## COMMUNICATIONS AND MANAGEMENT INITIATIVE

The USTR is the President's primary advisor and spokesperson on trade and direct investment policy, and is frequently called upon to provide advice to the President, testify before the Congress, and assist state and local governmental and non-governmental interests to achieve their trade and investment goals. Additionally, an increase in national interest in the U.S. trade agenda has brought an increase in inquiries and requests from the press and public for USTR to provide information about U.S. trade policy. USTR has become increasingly aware of its responsibility to communicate effectively a trade policy that is designed to open markets for American goods and services, create jobs, improve the standard of living for all Americans, and further sustainable development.

Effective communication and effective implementation of the major goals presented in this Performance Plan require a workforce that is competent, motivated, and representative of the rich diversity of the American population. It also requires a supportive work setting for USTR employees, which is safe, secure, and which provides office automation tools needed for the efficient conduct of agency business. USTR's employees are its most valued asset. Throughout the period covered by this Plan, USTR will support its employees through the provision of training, an adequate and secure work environment, and reliable office automation equipment and services.

**GOAL 4:** Open and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the public.

**OBJECTIVE 5:** Promote awareness within the private sector and the public of the contribution of trade and investment to the nation's economic well-being.

**Annual Performance Goal:** Continue to implement effective and sustained outreach on key trade issues. Continue to consult with key committees and Members of Congress and their

staffs, state officials, the advisory committee system, and the public on the full range of trade issues and negotiations.

**Performance Indicators:** This goal is self-defined.

**Performance Verification:**

**FY 2003**

In FY 2003, USTR consulted with the parties outlined above through various fora including briefings, meetings, hearings, Federal Register notices, press communications, speeches, correspondence and the USTR website in order to educate interested parties.

**FY 2004**

USTR consulted with the parties outlined above through various fora including meetings of the advisory committees; briefings; TPSC hearings; speeches; correspondence; meetings with a wide spectrum of private sector and state and local groups at their request. USTR also made improvements to the Website, widely disseminated Federal Register notices, press communications, and other material; and continued to develop and disseminate easily comprehensive Trade Facts sheets on major trade initiatives in order to improve outreach to domestic stakeholders and educate interested parties.

**FY 2005**

In FY 2005, we will consult with the parties outlined above to further refine an education program.

**Annual Performance Goal:** Work with the Office of Management and Budget to evaluate its performance goals to permit a measurable assessment of USTR efforts, taking into account USTR's mission. Adjustments to the goals related to USTR's China WTO compliance efforts will be a part of that process. **(New for FY 2005)**

**Performance Indicators:** These goals are self-defined.

**Performance Verification:**

**FY 2000, 2001, 2002, 2003 & 2004**

Not applicable.

**FY 2005**

Progress in the various aspects of this goal will be reported in the President's Annual Report released on March 1, 2005 and on the USTR website.

**Annual Performance Goal:** Continue communication with the media, the public, and the private sector by further upgrading the USTR website to include additional real time information and use of the web for real time outreach to advisors and the public. Improve communication with the media by expanding use of e-mail alerts, press releases, teleconference calls, transcripts and roundtable discussions.

**Performance Indicators:** USTR will augment further its capability to post additional real time information on its website.

### **Performance Verification:**

#### **FY 2002**

In FY2002, to enhance its public education efforts and better explain the benefits of open markets and expanded trade, USTR developed a plan to implement a Trade Facts series of easily comprehensible fact sheets highlighting the benefits of major trade initiatives. The Trade Facts series is widely disseminated to the private sector, the advisory committee system, state and local officials, and other domestic stakeholders.

#### **FY 2003**

In FY 2003, the USTR press office continued to expand its use of the internet and electronic dissemination of information. E-mail distribution lists of media were expanded. The website was utilized to support two major trade meetings (FTAA, Quito, Ecuador, Nov. 2002; WTO, Cancun, Sept 2003), with the rapid posting of news releases, fact sheets, transcripts and advisories. In particular, press releases and other information were effectively distributed to media attending the Cancun Ministerial. USTR, for the first time, also made use of innovative webcast technology for public and advisory committee briefings.

#### **FY 2004**

USTR will maintain an active website with "real time" postings. In FY 2004, USTR completely revised its website, improving the organization of the website and adding a search engine, buttons and links to make the site more user-friendly.

#### **FY 2005**

USTR will maintain an active website with "real time" postings.



## **REQUIRED RESOURCES, PROCESSES AND TECHNOLOGIES**

To meet the goals presented in this annual performance plan, USTR will require the resources contained in the President's proposed spending authority for FY 2006, and will need to continue to receive support from other Federal agencies in areas such as economic data and analysis, foreign intelligence, negotiation and enforcement.

### **Operational Processes:**

In order to achieve FY 2006 performance goals, USTR must be able to carry out the operational processes described in USTR's Strategic Plan. These include under Initiative 1 of this plan the means to procure, initiate and assess outside research; the capacity to achieve interagency consensus in the development and execution of trade policy; and the means to inform and consult with the Congress, with private sector advisors, and the public. Operational processes under Initiative 2 of the plan include the capacity to negotiate trade agreements through the WTO, APEC, and FTAA and other international fora, and under Initiative 3 they include the capacity to undertake enforcement actions through the WTO, NAFTA and other bodies, and to administer U.S. trade laws. Under Initiative 4, USTR will improve and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the general public.

### **Financial and Human Resources:**

To meet the FY 2006 goals, USTR requires \$44.8 million and 229 Full-time Equivalent (FTE) employees.

The \$44.8 million level affects performance in all goal areas. Resources are linked at the level of major initiatives, as described in the Relationship with the Budget portion of this Plan. Complementing these resources, USTR will continue to rely on the expertise of personnel detailed to the agency from other Federal agencies, and in certain circumstances financial support from Federal agencies that participate in trade negotiations led by USTR.

### **Technology:**

Accomplishment of the annual goals is dependent on office automation and telecommunications technologies that will allow the agency to conduct business efficiently and effectively. For FY 2006, USTR plans to enhance operation of its unclassified and classified computer network operating systems and applications; strengthen the security of USTR's electronic data from viruses, hackers, and unauthorized personnel; and allow trade negotiators and enforcement personnel to work as efficiently as possible under a heightened pace of work.

### **Other Resources:**

Accomplishing the goals of the FY 2006 Performance Plan also requires continued assistance from other Federal agencies. This assistance takes many forms. USTR will require the

continued support of professional staff detailed from other Federal agencies on a non-reimbursable basis to perform a range of negotiation, enforcement and economic functions. For FY 2006, USTR expects to maintain a level of more than 30 trade professionals detailed from other Federal agencies. In addition, we will rely on other Federal agencies to assist in conducting negotiations and enforcement activities, where those agencies share responsibility for these functions. Further, where USTR incurs expenses in excess of its appropriated funds for logistics and support costs in serving as the lead agency in negotiations, we will seek financial support from the other Federal agencies participating in the negotiations.

## RELATIONSHIP WITH THE BUDGET

The goals and initiatives presented in this FY 2006 Performance Plan are linked to USTR's budget.

### Resources

The total amount of resources needed to implement this Plan is estimated to be \$44.8 million and 229 Full-time Equivalent staff (FTEs). Reductions from these resource levels would affect achievement of the goals presented in this FY 2006 plan.

### Goals

The FY 2006 Performance Plan contains annual goals that are organized into four initiatives, consistent with USTR's Strategic Plan for FY 2001-FY 2006.

### Relationship with the President's Budget

The \$44.8 million reflected in this Performance Plan is also based on the program activities in the Program & Financing (P&F) schedule in the President's FY 2006 budget. USTR has a single P&F schedule, with two program activities: a Trade Coordination & Negotiation line that captures all central office functions, and a Geneva Trade Negotiations line that covers activities of USTR's field location in Geneva, Switzerland.

The Annual Performance Plan and the P&F Schedule are linked by disaggregating the two program activity lines in the P&F Schedule into four components, represented by the Plan's four Initiatives. This disaggregation is depicted in the following chart:

#### **Disaggregation of P&F Activities into Performance Plan Initiatives**

<u>Program &amp; Financing Structure</u>	<u>Performance Plan Structure (Initiatives)</u>
1. Trade Coordination & Negotiation	a. Trade Policy Development (Initiative 1) b. Negotiation (Initiative 2) c. Monitoring and Enforcement (Initiative 3) d. Communications and Management (Initiative 4)
2. Geneva Trade Negotiations	a. Trade Policy Development (Initiative 1) b. Negotiation (Initiative 2) c. Monitoring and Enforcement (Initiative 3) d. Communication and Management (Initiative 4)

As the chart suggests, the Trade Coordination and Negotiations and the Geneva Trade Negotiations P&F activity lines support all four Initiatives.



Linking Resources with Goals

FY 2006 resources are associated with the Performance Plan’s four Initiatives. Resources are linked at the four Initiatives and not at the level of the individual goals in the Plan under the Initiatives. USTR is a matrix organization that manages issues and resolves problems by deploying resources from the agency’s geographic, sectoral, multilateral, and staff offices.

USTR’s organizational units and employees are continuously contributing to the achievement of several different initiatives.

Methodology for Allocating Resources

The dollar resources associated with each of the four Initiatives is based chiefly on the distribution of FTEs among those Initiatives. USTR’s budget primarily funds USTR employee salaries and benefits, and the related expenses, such as office rent, telecommunications, travel, equipment and office supplies needed to support employees in the performance of their jobs.

The allocation of resources among the four Initiatives is based on an estimate by office managers of the number of staff required to support each Initiative. In quantifying funding for each Initiative, the Performance Plan projects average employee support costs for the FTE allocations displayed in the chart below, and allocates other administrative support for those FTEs, including building rent and utilities, supplies, equipment and employee travel. This methodology produces a funding amount that USTR estimates will be spent in each of the four Initiatives in FY 2006. This methodology results in the following distribution of FTEs and estimated operating expenses:

**FY 2006 Estimated Distribution of FTEs and Budget Authority by Initiative by P&F Activity**  
(\$ in thousands)

	Trade Coordination and Negotiation		Geneva Trade Negotiations		Agency Summary	
	<u>FTEs</u>	<u>Amount</u>	<u>FTEs</u>	<u>Amount</u>	<u>FTEs</u>	<u>Amount</u>
Trade Policy Development Initiative.....	47	\$ 8,358	4	\$ 1,866	51	\$ 10,224
Negotiation Initiative.....	60	10,637	4	1,865	64	12,502
Monitoring & Enforcement Initiative .....	.44	7,788	4	1,865	48	9,653
Communications & Management Initiative.	<u>.65</u>	<u>11,777</u>	<u>.1</u>	<u>622</u>	<u>66</u>	<u>12,399</u>
Total estimate .....	216	\$38,560	13	\$ 6,218	229	\$44,778

## **APPENDIX I:**

### **LEGISLATIVE BACKGROUND: A HISTORY OF GROWING RESPONSIBILITY AND AUTHORITY**

By law, USTR plays the leading role in the development of policy on trade and trade-related investments, as well as in the coordination of the interagency process on trade policy formulations. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees: the Trade Policy Staff Committee (TPSC), the Trade Policy Review Group (TPRG), and the National Economic Council (NEC). Together, these committees constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Expansion Act of 1962 required the President to appoint a Special Representative for Trade Negotiations and established an interagency trade organization to make recommendations to the President on policy issues arising from trade agreements. Through this legislation, Congress intended to better balance competing domestic and international interest in formulating and negotiating U.S. trade policy. The new Special Trade Representative was to serve as the chief representative for trade negotiations authorized under the Act and other trade negotiations authorized by the President.

Through executive orders issued in 1963, President John Kennedy created a new Office of the Special Trade Representative (STR) in the Executive Office of the President and designated two new Deputies, one in Washington, D.C., and the other in Geneva, Switzerland. Through the mid-1960's STR had the chief responsibility for U.S. participation in the Kennedy Round of multilateral trade negotiations held under the auspices of General Agreement on Tariffs and Trade (GATT).

In the 1970s, the Congress substantially expanded the responsibilities of STR. Section 141 of the Trade Act of 1974 provided a legislative charter for STR as part of the Executive Office of the President and made it responsible for the trade agreements program under the Tariff Act of 1930, the Trade Expansion Act of 1962, and the Trade Act of 1974. The 1974 Act also made STR directly accountable to both the President and the Congress for these and other trade responsibilities. Through Executive Order 11846, President Ford elevated the Special Trade Representative to cabinet level.

Reorganization Plan No. 3 of 1979 consolidated and further broadened STR's responsibilities. The 1979 reorganization and Executive Order 12188 of the next year renamed STR as the Office of the United States Trade Representative (USTR), centralized U.S. Government policy-making and negotiating functions for international trade, and greatly expanded USTR. These changes:

Assigned overall responsibility to USTR for developing and coordinating of U.S. trade policy implementation;

Designated the Trade Representative as the principal advisor to, and chief spokesperson for, the President on trade agreements and trade policy, and as advisor on the impact of international trade on the other U.S. Government policies

Made USTR responsible for asserting and protecting “the rights of the United States under all bilateral and multilateral international trade and commodity agreements.” This responsibility is exercised in conjunction with the Department of Commerce, which monitors “compliance with international trade agreements to which the United States is a party;”

Made the Trade Representative the Vice Chairman of the Overseas Private Investment Corporation (OPIC), a non-voting member of the export-import Bank Board of Directors, and a member of the National Advisory Committee on International Monetary and Financial Policies;

Made USTR responsible for developing and coordinating trade in services; and

Made USTR responsible for direct investment matters. A separate memorandum of Understanding between USTR and the Department of State spells out specific responsibilities for the two agencies in the OCED, UNCTAD and other multilateral and bilateral activities. The Department of State serves as chief representative to the OECD Committee on Investment and Multilateral Enterprises and its subgroups (except for the subgroup on National Treatment), including the OECD Working Group on Bribery.

The U.S. Trade Representative’s authority was again enhanced through the Omnibus Trade and Competitiveness Act of 1988. Section 1601 of the 1988 legislation codified the status and responsibilities of USTR previously established through Reorganization Plan No. 3 and Executive Order 12188. In so doing, the legislation reinforced the Congressional-Executive Partnership for the conduct of U.S. trade policy. Among those enumerated responsibilities were:

- To have primary responsibility for developing and coordinating the implementation of U.S. international trade policy.
- To serve as the principal advisor to the President on international trade policy and advise the President on the impact of the other U.S. Government policies on international trade;
- To have lead responsibility for the conduct of, and be chief U.S. representative for, international trade negotiations, including commodity and direct investment negotiations;
- To coordinate trade policy with other agencies;
- To act as the principal international trade policy spokesperson of the President;

- To report and be responsible to the President and the Congress on the administration of the trade agreements program, and to advise on non-tariff barriers, international commodity agreements, and other matters relating to the trade agreements program; and
- To be Chairman of the Trade Policy Committee.

The 1988 legislation also included a Sense of the Congress statement that the USTR should be the senior representative on any body the President establishes to advise him on overall economic policies in which international trade matters predominate and that the USTR should be included in all economic summits and other international meetings in which international trade is a major topic. Finally, this legislation further elevated the importance of USTR in trade matters by shifting to USTR the Presidential responsibility for implementing actions under Section 301, subject to specific direction, if any, from the President.

The Uruguay Round Agreements Act, enacted in 1994, specifies that USTR has lead responsibility for all negotiations under the auspices of the WTO. The conclusion of such major comprehensive trade agreements as the North American Free Trade Agreement (NAFTA) and the WTO Agreement has vastly expanded USTR's responsibility for implementation and enforcement.

The Trade and Development Act of 2000 created within USTR the positions of Chief Agricultural Negotiator and Assistant United States Trade Representative for African Affairs. The principal function of the Chief Agricultural Negotiator is to conduct trade negotiations and enforce trade agreements relating to United States agricultural interests and products. The Assistant United States Trade Representative for African Affairs serves as the chief advisor to the U.S. Trade Representative on issues of trade and investment with Africa and serves as coordinator and point of contact within the Administration on such issues.

The Trade Act of 2002 provided the President with Trade Promotion Authority through July 1, 2005, with the possibility of extending these special procedures for approving trade agreements and implementing legislation to July 2007. Under this Act and Executive Order 13277, the USTR has additional responsibilities to work with Congress, interagency organizations and private sector advisors in the development and achievement of U.S. objectives in the international trade arena. Pursuant to the Trade Act of 2002, the USTR has notified Congress of negotiations in the World Trade Organization, the Free Trade Area of the Americas, and Free Trade Agreements with Singapore, Chile, the Central American Free Trade Area, Morocco, the South African Customs Union, Bahrain and the Dominican Republic. USTR has consulted closely with Congress, including with the newly created Congressional Oversight Group. Free Trade Agreements with Singapore and Chile have been concluded and legislation approving and implanting these Agreements enacted pursuant to Trade Promotion Authority procedures.

**APPENDIX II:**

**EXECUTIVE BRANCH AGENCIES ON THE TRADE POLICY  
STAFF COMMITTEE AND THE TRADE POLICY REVIEW GROUP**

Council of Economic Advisors

Council on Environmental Quality

Department of Agriculture

Department of Commerce

Department of Defense

Department of Energy

Department of Health and Human Services

Department of Homeland Security

Department of Interior

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of Treasury

Environmental Protection Agency

Agency for International Development

National Economic Council

National Security Council

Office of Management and Budget

Office of the United States Trade Representative – Chairman

U.S. International Trade Commission (non-voting member)

## **APPENDIX III:**

### **CONGRESSIONAL COMMITTEES REGULARLY CONSULTED ON TRADE POLICY**

#### **Primary jurisdiction:**

House Ways and Means Committee  
Senate Finance Committee  
Leadership Office of the House  
Leadership Office of the Senate

#### **Other House committees:**

- Appropriations
- Agriculture
- Banking
- International Relations
- Judiciary
- Commerce

#### **Other Senate committees:**

- Appropriations
- Agriculture
- Banking
- Commerce
- Foreign Relations
- Judiciary
- Environment and Public Works

**APPENDIX IV:**

**LIST OF ADVISORY COMMITTEES**

	<u>Coordinating Agency</u>	<u>Members</u>
Advisory Committee for Trade Policy and Negotiations (ACTPN) [USTR]		31
Agricultural Policy Advisory Committee for Trade (APAC) [Agriculture]		35
Agricultural Technical Advisory Committee for Trade (ATACs): [Agriculture]		
in Animal and Animal Products		30
in Fruits and Vegetables		35
in Tobacco, Cotton and Peanuts		30
in Sweeteners		22
in Grains, Feed and Oilseeds		35
Defense Policy Advisory Committee for Trade (DPACT)		
Industry Trade Advisory Committees (ITACs): [Commerce]		
ITAC 1: Aerospace Equipment		16
ITAC 2: Automotive Equipment and Capital Goods		25
ITAC 3: Chemicals, Pharmaceuticals, Health Science Products and Services		31
ITAC 4: Consumer Goods		25
ITAC 5: Distribution Services		14
ITAC 6: Energy and Energy Services		13
ITAC 7: Forest Products		21
ITAC 8: Information and Communications Technology Services and Electronic Commerce		40
ITAC 9: Non-Ferrous Metals and Building Products		21
ITAC 10: Services and Finance Services		28
ITAC 11: Small and Minority Business		27
ITAC 12: Steel		17
ITAC 13: Textiles and Clothing		44
ITAC 14: Customs Matters and Trade Facilitation		15
ITAC 15: Intellectual Property Rights		14
ITAC 16: Standards and Technical Trade Barriers		20
Intergovernmental Policy Advisory Committee (IGPAC)	[USTR]	42
Labor Advisory Committee (LAC)	[Labor]	68
Trade Advisory Committee for Africa (TACA)	[USTR]	
Trade and Environment Policy Advisory Committee (TEPAC)	[USTR]	28
<hr/>		
TOTAL MEMBERS		727



## APPENDIX V:

### TRADE-RELATED REPORTS

- January 1      Semiannual Report on Section 301 Program, – 19 U.S.C. § 2419, Trade Act  
(see also of 1974)
- July 1)
- The Trade Representative shall submit a report to the House of Representatives and the Senate semiannually describing: the petitions filed and the determinations made and the reasons therefore under Section 302; developments in, and the current status of, each investigation or proceeding under this chapter; the actions taken, or the reasons for no action, by the Trade Representative under section 301 with respect to investigations conducted under this chapter; and the commercial effects of actions taken under section 301.
- February 1      Subsidies Enforcement – Notification, Consultation and Publication – Annual Report – 19 U.S.C. § 3571(f)(4), added by the Uruguay Round Agreements Act, Pub. L. 103-465, Sec. 281(f)(4) (108 Stat. 4926)
- No later than February 1 of each year beginning in 1996 the USTR and the Dept. of Commerce shall issue a joint report to Congress detailing the subsidies practices of major trading partners and the monitoring and enforcement activities of the USTR and Commerce during the preceding calendar year which relate to subsidies practices.
- March 1      Annual Report on the WTO – 19 U.S.C. § 3534, added by the Uruguay Round Agreements Act, Pub. L. 103-465, Sec. 124 (108 Stat. 4832)
- Not later than March 1 of each year beginning in 1996 the USTR shall submit a report to Congress describing, for the preceding fiscal year of the WTO, the major activities and work programs of the WTO, the percentage of budgetary assessments by the WTO that were accounted for by each WTO member, the status of consultations with any state whose law was the subject of a report adverse to the United States, etc. By agreement with the Congressional committees to whom the report is submitted, this report is contained in the Annual Report on Trade Agreements Program and National Trade Policy Agenda.
- March 1      Annual Report on Trade Agreements Program and National Trade Policy Agenda – 19 U.S.C. § 2213(a), Trade Act of 1974
- No later than March 1 of each year, the President must submit a report to Congress on the operation of the Trade Agreements Program, the provision of import relief and adjustment assistance to workers and firms under the Trade Act, and the national trade policy agenda for the year that the report is submitted.

Report is to include, per the Uruguay Round Agreements Act, Pub. L. 103-465: (1) a section on TRIMS (per the SAA); (2) a list of persons serving on the WTO Appellate Body, and (3) the indicative list of panelists maintained by the WTO Secretariat (per Section 123(a), 19 U.S.C. § 3533(a)).

March 31 National Trade Estimate (NTE) Report – Estimates of barriers to market access – 19 U.S.C. § 2241(a) and (b), Trade Act of 1974

On or before March 31 of each year, the USTR must submit to the Senate Finance Committee, appropriate House committees, and the President the National Trade Estimate report, which sets out USTR's analysis of foreign market access barriers and its estimates of the trade-distorting impact of such barriers on U.S. commerce during the preceding year.

Report is to include, per the Uruguay Round Agreements Act, Pub. L. 103-465, a section on foreign anticompetitive practices, the toleration of which by foreign governments is adversely affecting exports of U.S. goods and services (per Section 311(a)(1)(C), 19 U.S.C. § 2241(b)(2)(C)).

March 31 NAFTA Final Candidate List – Candidate list of prospective panelists – Trade Representative Report – 19 U.S.C. § 3432(c)(4)(A), NAFTA Implementation Act. No later than March 31 of each calendar year, the Trade Representative shall submit to the House Ways and Means Committee and the Senate Finance Committee the final candidate lists of those individuals selected by the Trade Representative to be candidates eligible to serve on panels and committees convened under chapter 19 during the 1-year period beginning on April 1 of such calendar year.

March 31 NAFTA Report on Judges – Report to Congress on efforts to secure the participation of judges and former judges in NAFTA dispute settlement – Trade Representative Report – 19 U.S.C. § 3432(b)(3), NAFTA Implementation Act.

At the same time as the final candidate lists are submitted under 19 U.S.C. 3432(c)(4)(A), the Trade Representative must submit to the House Judiciary, House Ways and Means, Senate Judiciary and Senate Finance Committees a report regarding the efforts made to secure the participation of judges and former judges on binational panels, extraordinary challenge committees, and special committees established under chapter 19.

On or about April 30 Special 301 Report – Identification of Countries that Deny Adequate Protection, or Market Access, for Intellectual Property Rights – Annual Report – 19 U.S.C. § 2242(g), as amended by the Uruguay Round Agreements Act, Pub. L. 103-465, Sec. 313 (108 Stat. 4938) No later than 30 days after the date on which the annual NTE report is submitted to Congress, the USTR must submit a report to the House Ways and Means Committee and the Senate Finance Committee on actions taken under this section, and the reasons therefore, during the 12 months preceding. The report shall include a description of progress made in achieving improved intellectual property protection and market access for persons relying on intellectual property rights.

April 30 Report on Operation of ATPA Program – 19 U.S.C. § 3202(f), as amended by the Trade Act of 2002, Pub. L. 107-210, Title XXXI (Andean Trade Promotion and Drug Eradication Act (ATPDEA)), Section 3103(e).

Not later than April 30, 2003, and every 2 years thereafter during the period in which this title is in effect, the United States Trade Representative shall submit to Congress a report regarding the operation of this title, including: (1) with respect to subsections 203(c) and (d) of the Andean Trade Preference Act (ATPA), the results of a general review of beneficiary countries based on the considerations described in such subsections; and (2) the performance of each beneficiary country or ATPDEA beneficiary country, as the case may be, under the criteria set forth in section 204(b)(6)(B).

May 18 Annual Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa – Trade and Development Act of 2000, Pub. L. 106-200, Title I (African Growth and Opportunity Act) (AGOA), Section 106

The President shall submit to the Congress, not later than 1 year after the date of the enactment of the AGOA, and annually thereafter through 2008, a comprehensive report on the trade and investment policy of the United States for sub-Saharan Africa, and on the implementation of this title and the amendments made by this title.

July 1 Semiannual Report on Section 301 Program – 19 U.S.C. § 2419, Trade Act of 1974

The Trade Representative must submit a report to the House of Representatives and the Senate semiannually describing: the petitions filed and the determinations made and the reasons therefore under Section 302; developments in, and the current status of, each section 301 investigation or proceeding; the actions taken, or the reasons for no action, by the Trade Representative under section 301 with respect to such investigations; and the commercial effects of actions taken under section 301.

July 13 Report to Congress on Export Opportunities and Barriers to Trade in AGOA Eligible Countries -- Sec. 9 of the AGOA Acceleration Act of 2004

This is a one time only study that identifies sectors of the economy with the greatest potential for growth for each AGOA-eligible country, identifies barriers that could impede growth in those sectors, and makes recommendations on how the USG and private sector can provide technical assistance to dismantle the barriers. The Statute requires Presidential transmission but we are seeking delegation of authority to USTR.

December 11 Annual Report to Congress on China's WTO Compliance - 22 U.S.C. §6951.

Not later than one year after the accession of the People's Republic of China (China) to the WTO and annually thereafter, the USTR is to submit a report to Congress on China's compliance with its multilateral and bilateral commitments made to the United States in connection with China's accession to the WTO. A public hearing is required.

December 31 Report on Operation of CBI Program – 19 U.S.C. § 2702(f), as amended by the Trade and Development Act of 2000, Pub. L. 106-200, Title II (the United States–Caribbean Basin Trade Partnership Act)(CBTPA), Section 211(c).

Not later than December 31, 2001, and every 2 years thereafter during the period in which the CBTPA is in effect, the United States Trade Representative must submit to Congress a report regarding the operation of the CBTPA, including the results of a general review of beneficiary countries based on statutory eligibility criteria and the performance of each beneficiary country under the additional criteria established by the CBTPA for receiving enhanced benefits.

## **APPENDIX VI:**

### **Current Dispute Settlement Proceedings**

#### **A. Disputes in which the United States is a plaintiff**

- Argentina - Patent protection for pharmaceuticals and test data protection for agricultural chemicals
- Canada – Corn CVDs
- China – Auto parts
- EU - Aircraft subsidies
- EU - Bananas
- EU - Ban on meat from animals produced with growth promoting hormones
- EU - Selected customs matters
- EU - Measures affecting the approval and marketing of biotech products
- EU - Protection of trademarks and geographic indications for agricultural products and foodstuffs
- Mexico - Beverage taxes
- Mexico - Definitive antidumping measures on beef and rice
- Turkey - Rice
- Venezuela - Import licensing

#### **B. Disputes in which the United States is a defendant**

- United States - 1916 Act (EU/Japan)
- United States - Section 110(5) of the Copyright Act (EU)
- United States - Section 211 U.S. Omnibus Appropriations Act (EU)
- United States - Antidumping duties on hot- rolled steel products from Japan (Japan)

- United States - Safeguard measures on imports of line pipe and wire rod from the EC (EU)
- United States - Countervailing duties on carbon steel from Brazil (Brazil)
- United States - Antidumping duties on silicon metal from Brazil (Brazil)
- United States - Continued Dumping and Subsidy Offset Act of 2000 (EU/Japan et al)
- United States - Countervailing duty measures of certain products from the EC (EU)
- United States - Antidumping duties on seamless pipe from Italy (EU)
- United States - Antidumping duty determination on Canadian softwood lumber (Canada)
- United States - Countervailing duty determination on Canadian softwood lumber (Canada)
- United States - Injury determination on Canadian softwood lumber (Canada)
- United States – Sunset reviews (EU)
- United States - Sunset review (Argentina)
- United States - Cotton Subsidies (Brazil)
- United States - Oil country tubular goods from Mexico (Mexico)
- United States - Countervailing duties on steel plate from Mexico (Mexico)
- United States - Cement from Mexico (Mexico)
- United States - Gambling and betting services (Antigua & Barbuda)
- United States - “Zeroing” (EU)
- United States - “Zeroing” (Japan)
- United States - “Zeroing” (Mexico)
- United States – “Zeroing” (Ecuador)

- United States - Semiconductor CVD (Korea)
- United States - Wheat injury determination (Canada)
- United States - Lumber CVD reviews (Canada)
- United States - UK Steel Bar (EU)
- United States - Aircraft subsidies (EU)
- United States - Provisional antidumping measures on shrimp from Thailand (Thailand)
- United States - Hormones sanctions (EU)
- United States - Stainless steel antidumping (Mexico)
- United States - Shrimp bonding requirements (India)
- United States - OCTG antidumping review (Mexico)

C. Disputes in which the United States is a third-party

- Australia - Fruit (Phil)
- Australia - Quarantine measures (EU)
- Brazil - Tires (EU)
- Canada - Hormones retaliation (EU)
- Chile - Price band system and agricultural safeguards (Argentina)
- China - Auto parts (EC)
- China - Auto parts (Canada)
- EU - Poultry (Brazil)
- EU - Sugar (Aus/Braz/Thai)
- EU- Salmon (Norway)
- Japan - Dried seaweed (Korea)
- Japan - Semiconductor CVD (Korea)

- Mexico - Pipe and tube (Guatemala)

## II. NAFTA - CHAPTER 20

### A. Disputes in which the United States is a plaintiff

- Mexico - Small parcel delivery
- Cross border trucking and scheduled bus services

### B. Disputes in which the United States is a defendant

- Cross-border Mexican trucking services
- Mexico - Cross border scheduled bus services



**APPENDIX VII:**  
**U.S. TRADE-RELATED**  
**AGREEMENTS AND DECLARATIONS**

**I. Agreements That Have Entered Into Force**

Following is a list of trade agreements entered into by the United States since 1984 and monitored by the Office of the United States Trade Representative for compliance.

**Multilateral Agreements**

- Marrakesh Agreement Establishing the World Trade Organization (signed April 15, 1994) and the Ministerial Decisions and Declarations adopted by the Uruguay Round Trade Negotiations Committee on December 15, 1993
  - a. Multilateral Agreements on Trade in Goods
    - i. General Agreement on Tariffs and Trade 1994
    - ii. Agreement on Agriculture
    - iii. Agreement on the Application of Sanitary and Phytosanitary Measures
    - iv. Agreement on Technical Barriers to Trade
    - v. Agreement on Trade-Related Investment Measures
    - vi. Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994
    - vii. Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994
    - viii. Agreement on Preshipment Inspection
    - ix. Agreement on Rules of Origin
    - x. Agreement on Import Licensing Procedures
    - xi. Agreement on Subsidies and Countervailing Measures
    - xii. Agreement on Safeguards
    - xiii. Information Technology Agreement (ITA) (March 26, 1997)
  - b. General Agreement on Trade in Services
    - i. Basic Telecommunications Services Agreement (February 15, 1997)
    - ii. Financial Services Agreement (March 1, 1999)
  - c. Agreement on Trade-Related Aspects of Intellectual Property Rights

- d. Plurilateral Trade Agreements
  - i. Agreement on Trade in Civil Aircraft (April 12, 1979; amended in 1986)
  - ii. Agreement on Government Procurement (April 15, 1994)
- International Tropical Timber Agreement (successor to the 1983 International Tropical Timber Agreement; signed January 26, 1994; entered into force January 1, 1997)
- North American Free Trade Agreement (signed December 17, 1992; implementing legislation signed December 8, 1993)
  - i. Agreement with Mexico and Canada to a first round of NAFTA Accelerated Tariff Elimination (March 26, 1997)
  - ii. Agreement with Mexico and Canada to a second round of NAFTA Accelerated Tariff Elimination (July 27, 1998)
    - ▶ Agreement with Mexico to a third round of NAFTA Accelerated Tariff Elimination (November 29, 2000)
    - ▶ Agreement with Mexico to a fourth round of NAFTA Accelerated Tariff Elimination (December 5, 2001)
  - iii. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (November 27, 2002)
  - iv. Agreement with Mexico and Canada on adjustments to the NAFTA Rules of Origin (October 8, 2004)
- North American Agreement on Environmental Cooperation (1993)
- North American Agreement on Labor Cooperation (1993)
- Statement Concerning Semiconductors by the European Commission and the Governments of the United States, Japan, and Korea. (June 10, 1999)
- Agreement on Mutual Acceptance of Oenological Practices (December 18, 2001)

## **Bilateral Agreements**

### **Albania**

- Agreement on Bilateral Trade Relations (May 14, 1992)
- Bilateral Investment Treaty (January 4, 1998)

### **Argentina**

- Private Courier Mail Agreement (May 25, 1989)
- Bilateral Investment Treaty (October 20, 1994)

### **Armenia**

- Agreement on Bilateral Trade Relations (April 7, 1992)
- Bilateral Investment Treaty (March 29, 1996)

### **Australia**

- Settlement on Leather Products Trade (November 25, 1996)
- Understanding on Automotive Leather Subsidies (June 20, 2000)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (October 19, 2002)
- U.S.-Australia Agreement on the Establishment of a Free Trade Area (signed May 18, 2004; entry into force January 1, 2005)

### **Azerbaijan**

- Agreement on Bilateral Trade Relations (April 21, 1995)
- Bilateral Investment Treaty (August 2, 2001)

### **Bahrain**

- Bilateral Investment Treaty (May 30, 2001)

## **Bangladesh**

- Bilateral Investment Treaty (July 25, 1989)

## **Belarus**

- Agreement on Bilateral Trade Relations (February 16, 1993)
- Agreement regarding Imports of Certain Fiberglass Fabric (February 17, 2000; extended and amended January 10, 2003; amended May 13, 2004).

## **Bolivia**

- Bilateral Investment Treaty (June 6, 2001)

## **Brazil**

- Memorandum of Understanding between the Government of Brazil and the Government of the United States Concerning Trade Measures in the Automotive Sector (March 16, 1998)

## **Bulgaria**

- Agreement on Trade Relations (November 22, 1991)
- Bilateral Investment Treaty (June 2, 1994)
- Agreement Concerning Intellectual Property Rights (July 6, 1994)

## **Cambodia**

- Agreement Between the United States of America and the Kingdom of Cambodia on Trade Relations and Intellectual Property Rights Protection (October 8, 1996)
- Exchange of notes extending bilateral agreement on Trade in Textiles and Textile Products (December 31, 2001)

## **Cameroon**

- Bilateral Investment Treaty (April 6, 1989)

## **Canada**

- Agreement on Salmon & Herring (May 11, 1993)

- Agreement Regarding Tires (May 25, 1993)
- Memorandum of Understanding on Provincial Beer Marketing Practices (August 5, 1993)
- Agreement on Ultra-High Temperature Milk (September 1993)
- Agreement on Beer Market Access in Quebec and British Columbia Beer Antidumping Cases (April 4, 1994)
- Agreement on Barley Tariff-Rate Quota (September 8, 1997)
- Record of Understanding on Agriculture (December 1998)
- Agreement on Magazines (Periodicals) (May 1999)
- Agreement on Implementation of the WTO Decision on Canada's Dairy Support Programs (December 1999)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (January 17, 2002)
- Agreement to Implement Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (January 28, 2003)
- U.S.-Canada Understanding on Implementation of the Decision of the WTO General Council of August 30, 2003, on "Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health" as Interpreted by the Accompanying Statement of the Chairman of the General Council of the Same Date (July 16, 2004)

#### **Chile**

- United States-Chile Free Trade Agreement (January 1, 2004)

#### **China**

- Accord on Industrial and Technological Cooperation (January 12, 1984)
- Memorandum of Understanding on the Protection of Intellectual Property Rights (January 17, 1992)
- Memorandum of Understanding on Prohibiting Import and Export in Prison Labor Products (June 18, 1992)

- Memorandum of Understanding Concerning Market Access (October 10, 1992)
- Agreement on Trade Relations Between the United States of America and the People's Republic of China (signed July 7, 1979; entered into force February 1, 1980; renewed February 1, 2001)
- Agreement on Providing Intellectual Property Rights Protection (February 26, 1995)
- Report on China's Measures to Enforce Intellectual Property Protections and Other Measures (June 17, 1996)
- Interim Agreement on Market Access for Foreign Financial Information Companies (Xinhua) (October 24, 1997)
- Bilateral Agriculture Agreement (April 10, 1999)
- Memorandum of Understanding Between China and the United States Regarding China's Value-Added Tax on Integrated Circuits (July 14, 2004)
- Memorandum of Understanding between the Governments of the United States of America and the People's Republic of China Concerning Trade in Textile and Apparel Products (November 8, 2005)

#### **Colombia**

- Memorandum of Understanding on Trade in Bananas (January 9, 1996)

#### **Congo, Democratic Republic of the (formerly Zaire)**

- Bilateral Investment Treaty (July 28, 1989)

#### **Congo, Republic of the**

- Bilateral Investment Treaty (August 13, 1994)

#### **Costa Rica**

- Memorandum of Understanding on Trade in Bananas (January 9, 1996)

#### **Croatia**

- Memorandum of Understanding on Intellectual Property Rights (May 26, 1998)

- Bilateral Investment Treaty (June 20, 2001)

### **Czech Republic**

- Bilateral Investment Treaty (December 19, 1992)

### **Ecuador**

- Agreement on Intellectual Property Rights Protection (October 15, 1993)
- Bilateral Investment Treaty (May 11, 1997)

### **Egypt**

- Bilateral Investment Treaty (June 27, 1992)

### **Estonia**

- Bilateral Investment Treaty (February 16, 1997)

### **European Union**

- Wine Accord (July 1983)
- Agreement for the Conclusion of Negotiations Between the United States and the European Community under GATT Article XXIV:6 (January 30, 1987)
- Agreement on Exports of Pasta with Settlement, Annex and Related Letter (September 15, 1987)
- Agreement on Canned Fruit (updated) (April 14, 1992)
- Agreement Concerning the Application of the GATT Agreement on Trade in Civil Aircraft (July 17, 1992)
- Agreement on Meat Inspection Standards (November 13, 1992)
- Corn Gluten Feed Exchange of Letters (December 4 and 8, 1992)
- Malt-Barley Sprouts Exchange of Letters (December 4 and 8, 1992)
- Oilseeds Agreement (December 4 and 8, 1992)
- Agreement on Recognition of Bourbon Whiskey and Tennessee Whisky as Distinctive

U.S. Products (March 28, 1994)

- Memorandum of Understanding on Government Procurement (April 15, 1994)
- Letter on Financial Services Confirming Assurances to Provide Full MFN and National Treatment (July 14, 1995)
- Agreement on EU Grains Margin of Preference (signed July 22, 1996; retroactively effective December 30, 1995)
- Exchange of Letters Concerning Implementation of the Marrakesh Agreement Establishing the World Trade Organization and Related Matters (June 26, 1996)
- Exchange of Letters between the United States of America and the European Community on a Settlement for Cereals and Rice, and Accompanying Exchange of Letters on Rice Prices (July 22, 1996)
- Agreement for the Conclusion of Negotiations between the United States of America and the European Community under GATT Article XXIV:6, and Accompanying Exchange of Letters (signed July 22, 1996; retroactively effective December 30, 1995)
- Tariff Initiative on Distilled Spirits (February 28, 1997)
- Agreement on Global Electronic Commerce (December 9, 1997)
- Agreed Minute on Humane Trapping Standards (December 18, 1997)
- Agreement on Mutual Recognition Between the United States of America and the European Community (signed May 18, 1997; entered into force December 1, 1998)
- Agreement between the United States and the European Community on Sanitary Measure to Protect Public and Animal Health in Trade in Live Animals and Animal Products (July 20, 1999)
- Understanding on Bananas (April 11, 2001)
- Agreement on the Mutual Acceptance of Oenological Practices (December 18, 2001)
- Agreement between the United States of America and the European Community on the Mutual Recognition of Certificates of Conformity for Marine Equipment (July 1, 2004)
- Agreement in the Form of an Exchange of Letters Between the United States and the European Community Relating to the Method of Calculation of Applied Duties for Husked Rice (June 30, 2005; retroactively effective March 1, 2005)



## **Georgia**

- Agreement on Bilateral Trade Relations (August 13, 1993)
- Bilateral Investment Treaty (August 17, 1997)

## **Grenada**

- Bilateral Investment Treaty (March 3, 1989)

## **Hong Kong**

- Agreement to Implement Phase I and Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (April 4, 2005)
- Memorandum of Understanding Between the United States of America and the Hong Kong Special Administrative Region Concerning Cooperation in Trade in Textile and Apparel Goods (August 1, 2005)

## **Honduras**

- Memorandum of Understanding on Worker Rights (November 15, 1995)
- Bilateral Investment Treaty (July 11, 2001)

## **Hungary**

- Agreement on Trade Relations (July 7, 1978)
- Agreement on Intellectual Property Rights Protection (September 29, 1993)
- Agreement on Comprehensive Trade Package on Tariff Reduction (April, 2002)

## **India**

- Agreement Regarding Indian Import Policy for Motion Pictures (February 5, 1992)
- Reduction of Tariffs on In-Shell Almonds (May 27, 1992)
- Agreement on Intellectual Property Rights Protection (March 1993)
- Agreement on Import Restrictions (December 28, 1999)

- Agreement on Textile Tariff Bindings (September 15, 2000)

### **Indonesia**

- Conditions for Market Access for Films and Videos into Indonesia (April 1992)

### **Israel**

- United States-Israel Free Trade Agreement (August 19, 1985)
- United States-Israel Agreement on Trade in Agriculture (December 4, 1996)
- United States-Israel Agreement on Almonds and Certain Other Agricultural Trade Issues (November 30, 1997)
- United States-Israel Agreement Concerning Certain Aspects of Trade in Agricultural Products (July 27, 2004)

### **Jamaica**

- Agreement on Intellectual Property (February 1994)
- Bilateral Investment Treaty (March 7, 1997)

### **Japan**

- Market-Oriented Sector-Selective (MOSS) Agreement on Medical Equipment and Pharmaceuticals (January 9, 1986)
- Exchange of Letters Regarding Tobacco (October 6, 1986)
- Science and Technology Agreement (June 20, 1988; extended June 16, 1993)
- Measures Concerning Cellular Telephone and Third Party Radio System Telecommunications Issues (June 28, 1989)
- Procedures to Introduce Supercomputers (June 15, 1990)
- Measures Relating to Wood Products (June 15, 1990)
- Policies and Procedures Regarding Satellite Research and Development/Procurement (June 15, 1990)

- Policies and Procedures Regarding International Value-Added Network Services and Network Channel Terminating Equipment (July 31, 1990)
- Joint Announcement on Amorphous Metals (September 21, 1990)
- Measures Further to 1990 Policies and Procedures regarding International Value-Added Network Services (April 27, 1991)
- Measures Regarding International Value-Added Network Services Investigation Mechanisms (June 25, 1991)
- United States-Japan Major Projects Arrangement (July 31, 1991; originally negotiated 1988)
- Measures Related to Japanese Public Sector Procurement of Computer Products and Services (January 22, 1992)
- United States-Japan Framework for a New Economic Partnership (July 10, 1993)
- Exchange of Letters Regarding Apples (September 13, 1993)
- United States-Japan Public Works Agreement (January 18, 1994)
- Mutual Understanding on Intellectual Property Rights between the Japanese Patent Office and the U.S. Patent and Trademark Office (January 20, 1994)
- Exchange of Letters Regarding Implementation of the Measures Regarding Cellular Telephone and Third-Party Radio Systems (March 12, 1994)
- Rice (April 15, 1994)
- Harmonized Chemical Tariffs (April 15, 1994)
- Copper (April 15, 1994)
- Market Access (April 15, 1994)
- Actions to be Taken by the Japanese Patent Office and the U.S. Patents and Trademark Office pursuant to the January 20, 1994, Mutual Understanding on Intellectual Property Rights (August 16, 1994)
- Measures by the Government of the United States and the Government of Japan Regarding Insurance (October 11, 1994)

- Measures on Japanese Public Sector Procurement of Telecommunications Products and Services (November 1, 1994)
- Measures Related to Japanese Public Sector Procurement of Medical Technology Products and Services (November 1, 1994)
- Measures Regarding Financial Services (February 13, 1995)
- Policies and Measures Regarding Inward Direct Investment and Buyer-Supplier Relationships (June 20, 1995)
- Exchange of Letters on Financial Services (July 26 and 27, 1995)
- Interim Understanding for the Continuation of Japan-U.S. Insurance Talks (September 30, 1996)
- United States-Japan Insurance Agreement (December 24, 1996)
- Japan's Recognition of U.S.-Graded Lumber (January 13, 1997)
- Resolution of WTO dispute with Japan on Sound Recordings (January 13, 1997)
- National Policy Agency Procurement of VHF Radio Communications System (March 31, 1997)
- United States-Japan Enhanced Initiative on Deregulation and Competition Policy (June 19, 1997)
- United States-Japan Agreement on Distilled Spirits (December 17, 1997)
- First Joint Status Report on Deregulation and Competition Policy (May 29, 1998)
- United States-Japan Joint Report on Investment (April 28, 1999)
- Second Joint Status Report on Deregulation and Competition Policy (May 3, 1999)
- United States-Japan Agreement on NTT Procurement Procedures (July 1, 1999)
- Third Joint Status Report on Deregulation and Competition Policy (July 19, 2000)
- Fourth Joint Status Report on Deregulation and Competition Policy (June 30, 2001)
- United States-Japan Economic Partnership for Growth (June 30, 2001)
- First Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy

Initiative (June 25, 2002)

- Second Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (May 23, 2003)
- Third Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative (June 8, 2004)

## **Jordan**

- Agreement Between U.S. and Hashemite Kingdom of Jordan on the Establishment of a Free Trade Area (December 17, 2001)
- Bilateral Investment Treaty (June 12, 2003)

## **Kazakhstan**

- Agreement on Bilateral Trade Relations (February 18, 1993)
- Bilateral Investment Treaty (January 12, 1994)

## **Korea**

- Record of Understanding on Intellectual Property Rights (August 28, 1986)
- Agreement on Access of U.S. Firms to Korea's Insurance Markets (August 28, 1986)
- Record of Understanding Concerning Market Access for Cigarettes (May 27, 1988; amended October 16, 1989)
- Agreement Concerning the Korean Capital Market Promotion Law (September 1, 1988)
- Agreement on the Importation and Distribution of Foreign Motion Pictures (December 30, 1988)
- Agreement on Market Access for Wine and Wine Products (January 18, 1989)
- Investment Agreement (May 19, 1989)
- Agreement on Liberalization of Agricultural Imports (May 25, 1989)
- Record of Understanding on Telecommunications (January 23, 1990)
- Record of Understanding on Telecommunications (February 15, 1990)

- Exchange of Letters Regarding the 1986 Intellectual Property Rights Agreement: Product Pipeline Protection (February 22, 1990)
- Record of Understanding on Beef (March 21, 1990)
- Exchange of Letters on Beef (April 26 and 27, 1990)
- Agreement on Wine Access (December 19, 1990)
- Record of Understanding on Telecommunications (February 7, 1991)
- Agreement on International Value-Added Services (June 20, 1991)
- Understanding on Telecommunications (February 17, 1992)
- Exchange of Letters Relating to Korea Telecom Company's Procurement of AT&T Switches (March 31, 1993)
- Beef Agreements (June 26, 1993; December 29, 1993)
- Record of Understanding on Agricultural Market Access in the Uruguay Round (December 13, 1993)
- Exchange of Letters on Telecommunications Issues Relating to Equipment Authorization and Korea Telecom Company's Procurement (March 29, 1995)
- Agreement on Steel (July 14, 1995)
- Shelf-Life Agreement (July 20, 1995)
- Revised Cigarette Agreement (August 25, 1995)
- Memorandum of Understanding to Increase Market Access for Foreign Passenger Vehicles in Korea (September 28, 1995)
- Exchange of Letters on Implementation of the 1992 Telecommunications Agreement (April 12, 1996)
- Korean Commitments on Trade in Telecommunications Goods and Services (July 23, 1997)
- Agreement on Korean Motor Vehicle Market (October 20, 1998)
- Exchange of Letters Regarding Tobacco Sector Related Issues (June 14, 2001)

- Exchange of Letters on Data Protection (March 12, 2002)
- Record of Understanding between the Governments of the United States and the Republic of Korea Regarding the Extension of Special Treatment for Rice (February 2005)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (May 10, 2005)

### **Kyrgyzstan**

- Agreement on Bilateral Trade Relations (August 21, 1992)
- Bilateral Investment Treaty (January 12, 1994)

### **Latvia**

- Agreement on Trade & Intellectual Property Rights Protection (January 20, 1995)
- Bilateral Investment Treaty (December 26, 1996)

### **Lithuania**

- Bilateral Investment Treaty (November 22, 2001)

### **Laos**

- Bilateral Trade Agreement (entered into force February 4, 2005)

### **Macedonia**

- Exchange of notes extending bilateral agreement on Trade in Textiles and Textile Products (June 2, 2000)
- Memorandum of Understanding Establishing Outward Processing Program (September 17, 1999)

### **Mexico**

- Agreement with Mexico on Tire Certification (March 8, 1996)
- Memorandum of Understanding Between the United States and Mexico Regarding Areas of Food and Agriculture Trade (April 4, 2002)

- U.S.-Mexico Exchange of Letters Regarding Mexico's NAFTA Safeguard on Certain Poultry Products (July 24-25, 2003)
- Understanding Regarding the Implementation of the WTO Decision on Mexico's Telecommunications Services (June 1, 2004)

### **Moldova**

- Agreement on Bilateral Trade Relations (July 2, 1992)
- Bilateral Investment Treaty (November 25, 1994)

### **Mongolia**

- Agreement on Bilateral Trade Relations (January 23, 1991)
- Bilateral Investment Treaty (January 1, 1997)

### **Morocco**

- Bilateral Investment Treaty (May 29, 1991)
- United States- Morocco Free Trade Agreement (agreement signed on May 18, 2004; entered into force January 1, 2006)

### **Mozambique**

- Bilateral Investment Treaty (March 2, 2005)

### **Nepal**

- Exchange of notes extending bilateral agreement on Trade in Textiles and Textile Products (July 13, 2000)

### **Nicaragua**

- Bilateral Intellectual Property Rights Agreement with Nicaragua (December 22, 1997)

### **Norway**

- Agreement on Procurement of Toll Equipment (April 26, 1990)



## **Panama**

- Bilateral Investment Treaty (May 30, 1991)
- Agreement on Bilateral Trade Relations (1994)

## **Paraguay**

- Memorandum of Understanding on Intellectual Property Rights (March 30, 2004)

## **Peru**

- Memorandum of Understanding on Intellectual Property Rights (May 23, 1997)

## **Philippines**

- Protection and Enforcement of Intellectual Property Rights (April 6, 1993)
- Agreement regarding Pork and Poultry Meat (February 13, 1998)

## **Poland**

- Business and Economic Treaty (August 6, 1994)
- Bilateral Investment Treaty (August 6, 1994)
- Agreement on Comprehensive Trade Package on Tariff Reduction (September, 2002)

## **Romania**

- Agreement on Bilateral Trade Relations (April 3, 1992)
- Bilateral Investment Treaty (January 15, 1994)
- Memorandum of Understanding Establishing Outward Processing Program (September 10, 1999)

## **Russia**

- Trade Agreement Concerning Most Favored Nation and Nondiscriminatory Treatment (June 17, 1992)
- Joint Memorandum of Understanding on Market Access for Aircraft (January 30, 1996)
- Agreed Minutes regarding exports of poultry products from the United States to Russia

(March 15, March 25, and March 29, 1996)

- Protocol of the Negotiations between the Experts of Russia and the United States of America on the Issue of U.S. Poultry Meat Imports into the Russian Federation (March 31, 2002)
- Agreement on Russian Firearms & Ammunition (April 3, 1996)
- Exchange of notes extending bilateral agreement on Trade in Textiles and Textile Products (February 26, 2001)

### **Senegal**

- Bilateral Investment Treaty (October 25, 1990)

### **Singapore**

- Agreement on Intellectual Property Rights Protection (April 27, 1987)
- Agreement to Implement Phase I and Phase II of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (October 8, 2003)
- United States-Singapore Free Trade Agreement (signed May 6, 2003, entered into force January 1, 2004)

### **Slovakia**

- Agreement on Bilateral Trade Relations (April 12, 1990)
- Bilateral Investment Treaty (December 19, 1992)

### **Sri Lanka**

- Agreement on the Protection and Enforcement of Intellectual Property Rights (September 20, 1991)
- Bilateral Investment Treaty (May 1, 1993)

### **Suriname**

- Agreement on Bilateral Trade Relations (1993)

## **Switzerland**

- Exchange of Letters on Financial Services (November 9 and 27, 1995)

## **Taiwan**

- Agreement on Customs Valuation (August 22, 1986)
- Agreement on Export Performance Requirements (August 1986)
- Agreement Concerning Beer, Wine, and Cigarettes (1987)
- Agreement on Turkeys and Turkey Parts (March 16, 1989)
- Agreement on Beef (June 18, 1990)
- Agreement on Intellectual Property Protection (June 5, 1992)
- Agreement on Intellectual Property Protection (Trademark) (April 1993)
- Agreement on Intellectual Property Protection (Copyright) (July 16, 1993)
- Agreement on Market Access (April 27, 1994)
- Telecommunications Liberalization by Taiwan (July 19, 1996)
- U.S.-Taiwan Medical Device Issue: List of Principles (September 30, 1996)
- Agreement on Market Access (February 20, 1998)
- Agreement to Implement Phase I of the Asia Pacific Economic Cooperation (APEC) Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment (March 16, 1999)
- Understanding on Government Procurement (August 23, 2001)

## **Tajikistan**

- Agreement on Bilateral Trade Relations (November 24, 1993)

## **Thailand**

- Agreement on Cigarette Imports (November 23, 1990)
- Agreement on Intellectual Property Protection and Enforcement (December 19, 1991)

## **Trinidad and Tobago**

- Agreement on Intellectual Property Protection and Enforcement (September 26, 1994)
- Bilateral Investment Treaty (December 26, 1996)

## **Tunisia**

- Bilateral Investment Treaty (February 7, 1993)

## **Turkey**

- Bilateral Investment Treaty (May 18, 1990)
- WTO Settlement Concerning Taxation of Foreign Film Revenues (July 14, 1997)

## **Turkmenistan**

- Agreement on Bilateral Trade Relations (October 25, 1993)

## **Ukraine**

- Agreement on Bilateral Trade Relations (June 23, 1992)
- Bilateral Investment Treaty (November 16, 1996)
- Agreement on Trade in Textiles and Textile Products (January 15, 2001)

## **Uruguay**

- Bilateral Investment Treaty (October 25, 2004)

## **Uzbekistan**

- Agreement on Bilateral Trade Relations (January 13, 1994)

**Vietnam**

- Agreement between the United States and Vietnam on Trade Relations (December 10, 2001)
- Copyright Agreement (June 27, 1997)
- Agreement on Trade in Textiles and Textile Products (July 17, 2003; renewed July 22, 2004)

**Venezuela**

- Market Access Agreement for Textiles and Clothing (December 1993)

**Zimbabwe**

- Agreement on Tobacco Tariff-Rate Quota (September 11, 1995)

## **APPENDIX VIII:**

### **MULTILATERAL ENVIRONMENTAL AGREEMENTS AND NEGOTIATIONS IN WHICH USTR PARTICIPATES**

#### **Existing Agreements and Negotiating Fora**

Convention on Biodiversity (CBD)  
Cartagena Protocol on Biosafety to the Convention on Biological Diversity  
Convention on International Trade in Endangered Species of  
Wild Fauna and Flora (CITES)  
U.N. Commission on Sustainable Development (CSD)  
Basel Convention on the Control of Transboundary Movements of  
Hazardous Wastes and Their Disposal  
Convention on the Prevention of Marine Pollution by Dumping of  
Wastes and Other Matter (London Convention)  
Montreal Protocol on Substances that Deplete the Ozone Layer  
North American Agreement on Environmental Cooperation  
U.S.-Mexico Border Environment Cooperation Agreement  
Inter-American Tropical Tuna Convention  
International Convention for the Conservation of Atlantic Tunas  
Inter-American Convention for the Protection and Conservation of Sea Turtles  
International Whaling Convention (IWC)  
International Tropical Timber Agreement  
U.N. Forum on Forests  
Rotterdam Convention on Prior Informed Consent (on certain hazardous chemicals)  
Stockholm Convention on Persistent Organic Pollutants

#### **Negotiation of New or Revised Agreements Currently Underway**

International Tropical Timber Agreement  
Further elaboration on U.N. Framework Convention on Global Climate Change  
World Summit on Sustainable Development (follow up to September 2002 Plan of  
Implementation)  
Development of a Strategic Approach to Chemicals Management (SAICM)  
Environmental Cooperation Agreements Associated with FTAs

## APPENDIX IX

### LIST OF FREQUENTLY USED ACRONYMS

AD.....	Antidumping
AGOA.....	African Growth and Opportunity Act
APEC.....	Asia Pacific Economic Cooperation
ASEAN.....	Association of Southeast Asian Nations
ATC.....	Agreement on Textiles and Clothing
ATPA.....	Andean Trade Preferences Act
ATPDEA.....	Andean Trade Promotion & Drug Eradication Act
BIA.....	Built-In Agenda
BIT.....	Bilateral Investment Treaty
BOP.....	Balance of Payments
CACM.....	Central American Common Market
CAFTA.....	Central American Free Trade Area
CARICOM.....	Caribbean Common Market
CBERA.....	Caribbean Basin Economic Recovery Act
CBI.....	Caribbean Basin Initiative
CFTA.....	Canada Free Trade Agreement
CITEL.....	Telecommunications Division of the OAS
COMESA.....	Common Market for Eastern & Southern Africa
CTE.....	Committee on Trade and the Environment
CTG.....	Council for Trade in Goods
CVD.....	Countervailing Duty
DSB.....	Dispute Settlement Body
DSU.....	Dispute Settlement Understanding
EU.....	European Union
EFTA.....	European Free Trade Association
FTAA.....	Free Trade Area of the Americas
FOIA.....	Freedom of Information Act
GATT.....	General Agreement on Tariffs and Trade
GATS.....	General Agreements on Trade in Services
GDP.....	Gross Domestic Product
GEC.....	Global Electronic Commerce
GSP.....	Generalized System of Preferences
GPA.....	Government Procurement Agreement
IFI.....	International Financial Institution
IPR.....	Intellectual Property Rights
ITA.....	Information Technology Agreement
LDBDC.....	Least Developed Beneficiary Developing Country
MAI.....	Multilateral Agreement on Investment
MERCOSUL/MERCOSUR.....	Southern Common Market

MFA .....	Multi-fiber Arrangement
MFN .....	Most Favored Nation
MOSS .....	Market-Oriented, Sector-Selective
MOU .....	Memorandum of Understanding
MRA .....	Mutual Recognition Agreement
NAFTA .....	North American Free Trade Agreement
NEC.....	National Economic Council
NIS .....	Newly Independent States
NSC.....	National Security Council
NTR.....	Normal Trade Relations
OAS .....	Organization of American States
OECD.....	Organization for Economic Cooperation and Development
OPIC .....	Overseas Private Investment Corporation
PNTR .....	Permanent Normal Trade Relations
ROU .....	Record of Understanding
SACU.....	Southern African Customs Union
SADC.....	Southern African Development Community
SPS.....	Sanitary and Phytosanitary Measures
SRM .....	Specified Risk Material
TAA .....	Trade Adjustment Assistance
TABD .....	Trans-Atlantic Business Dialogue
TACD.....	Trans-Atlantic Consumer Dialogue
TAEVD.....	Trans-Atlantic Environment Dialogue
TALD .....	Trans-Atlantic Labor Dialogue
TBT.....	Technical Barriers to Trade
TEP .....	Transatlantic Economic Partnership
TIFA.....	Trade & Investment Framework Agreement
TPRG .....	Trade Policy Review Group
TPSC.....	Trade Policy Staff Committee
TRIMS .....	Trade Related Investment Measures
TRIPS.....	Trade Related Intellectual Property Rights
UNCTAD .....	United Nations Conference on Trade & Development
URAA .....	Uruguay Round Agreements Act
USDA.....	U.S. Department of Agriculture
USITC.....	U.S. International Trade Commission
USTR .....	United States Trade Representative
VRA .....	Voluntary Restraint Agreement
WAEMU.....	West African Economic & Monetary Union
WTO .....	World Trade Organization