

**THE PRESIDENT'S 2013 TRADE POLICY  
AGENDA**



# I. THE PRESIDENT'S TRADE POLICY AGENDA

## Supporting Jobs and Economic Growth through Trade

Trade is helping to drive the success of President Obama's strategy to grow the U.S. economy and support jobs for more Americans. The Obama Administration's trade policy helps U.S. exporters gain access to billions of customers beyond our borders to support economic growth in the United States and in markets worldwide. We seek to create and defend open markets for U.S. exports and maintain a level playing field for U.S. producers to compete. We stand up for U.S. workers and businesses by challenging unfair trade practices and enforcing U.S. trade rights under our agreements. We work closely with trading partners to enhance our economic relationships and identify and remove barriers to promote mutually-beneficial, two-way trade. We use trade as a tool to fight poverty and enhance environmental and labor protections, while building better markets for U.S. exports. We advance all of these objectives with broad input from a wide range of stakeholders, including as many perspectives as possible to craft U.S. trade policy that reflects the aspirations of the American people and our global leadership role.

The President's Trade Policy Agenda for 2013 describes how the Administration will continue to use every available policy tool over the next year – and develop new tools as necessary – to pursue the most efficient and productive pathways for trade liberalization in order to support greater economic growth and jobs. Moving forward, the Administration will continue to work with willing trading partners as we constantly seek ambitious, comprehensive, and high-standard trade and investment commitments that will enhance the ability of U.S. workers and firms to compete here at home and on a level playing field around the world. We will continue to enforce our trade agreements rigorously to bring home their economic benefits, preserve and support additional U.S. jobs, and discourage trade-inhibiting actions that diminish economic growth. We will strengthen trade relationships in every region, partner with developing countries to share the benefits of trade more broadly, and continue to reflect and uphold American values in trade policy.

Our efforts in 2013 will build on many successful 2012 initiatives to enable continued progress toward President Obama's National Export Initiative goal to double U.S. exports in support of up to two million additional U.S. jobs by the end of 2014. We will further intensify negotiations with Trans-Pacific Partnership (TPP) countries to secure a next-generation, high-standard trade agreement in the world's fastest growing region. We will launch negotiations with the European Union toward a Transatlantic Trade and Investment Partnership agreement to further strengthen the world's largest trade relationship. At the WTO, we will continue to advance promising pathways for 21st century trade liberalization and to seek to revitalize Members' work in Geneva, including on trade facilitation, expansion of the Information Technology Agreement, and negotiations on a new International Services Agreement.

To facilitate the conclusion, approval, and implementation of market-opening negotiating efforts, we will also work with Congress on Trade Promotion Authority. Such authority will guide current and future negotiations, and will thus support a jobs-focused trade agenda moving forward.

Building on the achievements of the last four years, in 2013 we will work with Korea, Colombia, and Panama to ensure that the bilateral trade agreements that went into effect last year continue to operate smoothly, and we will ensure that U.S. exporters begin to reap the full benefits of Russia's membership in the World Trade Organization (WTO). We will also continue to further trade and investment opportunities in Africa, India, and elsewhere. At the same time, we will continue to monitor and enforce

U.S. trade agreements, using all of our resources, including the new Interagency Trade Enforcement Center (ITEC), to identify and challenge unfair trade practices wherever they may undermine a level playing field for American businesses, workers, farmers, ranchers, manufacturers, service providers, creators, and innovators. Successful pursuit of these U.S. trade policy objectives in 2013 will help to support and sustain additional American jobs and economic growth.

## **Our Trade Policy Priorities**

### **I. Expand Job-Supporting U.S. Trade**

International trade supports millions of American jobs, families, and businesses. Trade keeps Americans working as it links high-quality products “Made in America” with customers around the world. Trade often provides materials for completing those products as well; more than half of U.S. imports provide inputs to value-added production here in the United States. Data from 2012 showed that every \$1 billion in U.S. goods exports supported an estimated nearly 5,400 American jobs, and every \$1 billion of U.S. services exports supported an estimated nearly 4,000 U.S. jobs. Many trade-related jobs are in some of the United States’ fastest growing and most globally competitive sectors, from manufacturing to agriculture to services. And jobs supported by U.S. goods exports pay an estimated 13 to 18 percent more than the national average.

In 2013, the Administration will continue to advance trade policies that promote open markets to enable additional job-supporting U.S. exports and sustained economic growth worldwide.

#### *Continue Progress under President Obama’s National Export Initiative*

Three years into President Obama’s National Export Initiative (NEI) effort, increased U.S. exports are supporting additional American jobs. Exports continued to climb, hitting record highs in all major sectors in 2012: services exports were up 24 percent over 2009; manufacturing exports were up 47 percent; and agricultural exports were up 44 percent. Consequently, overall U.S. exports of goods and services have increased by more than 39 percent above the level of exports in 2009, and this has supported more than 1 million additional American jobs; updated statistics on U.S. exports and the jobs they support will be released by the U.S. Department of Commerce in March 2013. Such progress is notable given weak global demand, especially in some of the largest U.S. export markets, during this period. Additional trade-enhancing measures that support continued global recovery will also strengthen demand for job-supporting U.S. exports.

In 2013, the Administration will continue to advance the NEI by increasing trade advocacy and export promotion efforts, removing trade barriers and expanding market access, and enforcing U.S. rights under our trade agreements. In December 2012, the Export Promotion Cabinet (EPC), through the Trade Promotion Coordinating Committee (TPCC), issued the 2012 National Export Strategy outlining the Administration’s progress on the implementation of each of the 70 NEI recommendations and the renewed focus by the EPC on increasing the national base of small business exporters, making it easier for U.S. businesses to access federal export assistance, and improving delivery of export assistance to U.S. businesses. In 2013, the EPC will coordinate through the TPCC the launch of innovative initiatives including: a national marketing campaign targeting small and medium-sized exporters; an expanded Export University Program; the “Global Business Solutions” trade financing packaging that will work with community banks to expand the U.S. financial infrastructure offering trade-related products; commercial statecraft training for foreign service officers; and public-private partnerships that will deliver commercial services for U.S. businesses overseas. The Administration will also implement the operational plans of the President’s Commercial Advocacy Task Force, which was created by Executive

Order in December 2012, including assembling deal teams and developing robust trade leads for U.S. businesses. In 2013, the Administration will continue to increase collaboration with U.S. cities and states to develop their own export plans, integrate Export.gov with BusinessUSA.gov to better deliver online services, and continue implementing a national tourism strategy to boost U.S. services sector exports.

The NEI has placed a high priority on helping U.S. small businesses become more involved in exporting. In 2013, the Administration will continue to develop and deploy initiatives designed to help U.S. small business exporters to access global markets more easily. Such efforts will build on key progress made in 2012, including the creation of the Small Business Network of the Americas (SBNA), which links U.S. Small Business Development Centers across the United States with a growing network of counterpart small business centers in the Western Hemisphere. Through online trade platforms and business competitions, the SBNA will increase the ability of small businesses in the United States to export and strengthen international business-to-business connections throughout the region. The United States will also continue to work through the Transatlantic Economic Council on small business export promotion, as outlined in a December 2012 memorandum of understanding. U.S. and EU officials and small business owners will seek to address trade barriers affecting small business, exchange best practices, and facilitate increased small business participation in transatlantic trade. Ensuring small businesses benefit from trade will also continue to be a U.S. priority in trade negotiations.

#### *Advance Trans-Pacific Partnership Negotiations toward an Ambitious Conclusion*

In pursuit of job-supporting trade opportunities, the Administration will continue to advance negotiations for the Trans-Pacific Partnership (TPP), a high-standard regional trade agreement that will link the United States to dynamic economies throughout the rapidly growing Asia-Pacific region. Home to more than 40 percent of the world's population, Asia-Pacific economies already conduct more than 40 percent of global trade, and experts estimate that economies around the Pacific Rim will continue to grow faster than the world average through 2016. To help realize this enormous economic potential, the TPP aims to enhance trade and investment among the TPP countries, promote innovation, increase economic growth and development, and support the creation and retention of jobs in America and throughout the region. Along with the United States, TPP partners now include Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

The addition of Mexico and Canada to TPP negotiations in October 2012 has more deeply anchored the TPP agreement around the Pacific Rim. Mexico's and Canada's participation will enable the Administration to work collectively with these neighbors to enhance regional trade integration, while fulfilling President Obama's pledge to address concerns related to the North American Free Trade Agreement (NAFTA). More broadly, the TPP also has the potential to provide a more robust and responsive trade model for the next generation – a model that addresses the reality that businesses and workers in the United States and around the region are confronting new challenges that have arisen in recent years. All TPP partners share a core mission of tackling these new challenges not only to help businesses and workers today, but to enhance regional trade for the next generation of producers, workers, and consumers in every Asia-Pacific economy.

In 2013, the United States will work with TPP partners to bring TPP negotiations toward an ambitious conclusion. TPP negotiators already are working diligently toward the goal put forward by President Obama and fellow TPP Leaders in November 2012 – to strive to complete the negotiations this year. The United States continues to engage with Japan regarding its interest in the TPP negotiations and has welcomed public expressions of interest by other countries in the region as well. As TPP is the most promising platform for development of an eventual Free Trade Area of the Asia-Pacific, the United States continues to stress to all potential new entrants that they must be able to meet the high standards agreed by the TPP negotiating partners.

### *Launching Negotiations with the EU toward a Transatlantic Trade and Investment Partnership*

The unparalleled economic partnership between the United States and European Union (EU) supports millions of jobs on both sides of the Atlantic. In his 2013 State of the Union Address to Congress, President Obama announced his intention to launch negotiations with the EU on a comprehensive Transatlantic Trade and Investment Partnership (TTIP). Such a partnership would include ambitious reciprocal market opening in goods, services, and investment, and would offer additional opportunities for modernizing trade rules and identifying new means of reducing the non-tariff barriers that now constitute the most significant obstacle to increased transatlantic trade. A successful agreement of this kind could generate new business and employment by expanding trade and investment opportunities in both economies; pioneer rules and disciplines that address challenges to global trade and investment that have grown in importance in recent years; and further strengthen the extraordinarily close strategic partnership between the United States and Europe. President Obama's decision to launch negotiations was based on recommendations made by the U.S.-EU High Level Working Group on Jobs and Growth, which was co-chaired by U.S. Trade Representative Ron Kirk and EU Trade Commissioner Karel de Gucht.

### *Lead Creative and Effective World Trade Organization Member Efforts to Open Markets, Enforce Rules, and Combat Protectionism*

The World Trade Organization (WTO) remains the primary forum for liberalizing multilateral trade, developing and enforcing global trade rules, and serving as a bulwark against protectionism. In each of these areas, the WTO plays a vital and irreplaceable role that undoubtedly benefits the United States along with every other WTO Member. In 2013, the United States will continue to lead in the global trading community in ways that reflect our commitment to preserving, enhancing, and strengthening the WTO as an institution for the 21<sup>st</sup> century and beyond.

As WTO Members prepare this year for the ninth biennial Ministerial Conference, the WTO's vital function as a forum for trade negotiations is being tested, and the United States is determined to advance market-opening measures at the WTO along avenues with the highest potential to yield significant and timely results. After all WTO Members collectively acknowledged an impasse in the Doha Round negotiations at the eighth Ministerial Conference in 2011, the United States has successfully worked with WTO Members – in groups and as a whole – to move negotiations along more constructive and productive pathways.

In 2013, the United States will continue to lead efforts to advance a multilateral trade facilitation agreement that will ensure all WTO Members remove trade barriers and are able to realize significant development gains through enhanced global flows of goods and services. We also will explore opportunities for agreement in areas such as development issues and continue to provide resources in support of least-developed countries' full participation at the WTO.

To realize the enormous potential of more open markets for trade in services to support additional jobs and economic growth worldwide, the United States is joining like-minded WTO Members this year in launching multi-party negotiations toward an ambitious international services trade agreement (ISA).

The United States is currently the world's largest services trader. U.S. exports of private services measured almost \$600 billion in 2011, and sales through foreign affiliates exceeded \$1 trillion in 2010. Taken together, international sales of services by U.S. companies are on the order of \$1.7 trillion per year, which is equivalent to approximately 11 percent of U.S. Gross Domestic Product (GDP). However, a study by the Peterson Institute for International Economics estimates that tradable services remain five times less likely to be exported than manufactured products.

The ISA will capture and build upon significant services liberalization gains achieved through the WTO and elsewhere, and it will present new opportunities to remove impediments to global services trade. The ISA negotiating framework will be compatible with the WTO General Agreement on Trade in Services (GATS), as ISA partners are aiming for a high-standard agreement that may be expanded to include future participants. ISA negotiations in Geneva currently include 20 trading partners – Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the European Union on behalf of its member states, Hong Kong China, Iceland, Israel, Japan, Korea, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Switzerland, and Turkey. Whereas the United States currently has trade agreements with 10 of these negotiating partners, the ISA offers a unique platform to work on deeper services integration simultaneously with diverse partners such as Japan, Chinese Taipei, Israel, Norway, Pakistan, and Turkey, and to help influence the development of the global services architecture.

A key U.S. priority in the ISA negotiations is to enable service suppliers to compete on the basis of quality and competence rather than nationality. We are also seeking an agreement that will permit comprehensive coverage of services, as well as greater transparency and predictability from our trading partners regarding regulatory policies that present barriers to trade in services and hinder U.S. exports. And to remain relevant in a digitally-connected, constantly innovating global economy, the ISA agreement will also need to address issues such as appropriate new provisions to support services trade through electronic channels.

In 2013, the United States will also continue to play a leading role in negotiations to expand the scope of products covered by the WTO Information Technology Agreement (ITA). The ITA entered into force in 1997 and now covers over \$4 trillion in annual global trade, according to the Information Technology and Innovation Foundation. However, despite the tremendous technological development and innovation in the sector over the past 16 years, the ITA's product coverage has never been expanded. Eliminating duties on the newer products that have been developed and the advances still to come would provide a significant boost for U.S. technology exports and enable all countries to benefit from increased trade flows of cutting edge products and innovation.

In 2013, new WTO members can help to invigorate the institution and reinforce its core principles through shared commitments. In 2012, the United States joined Members in welcoming Russia to the WTO. The Administration worked closely with Congress to secure legislation terminating application of the Jackson-Vanik amendment and authorizing President Obama to extend permanent normal trade relations to Russia. As the WTO Agreement now applies between our two countries, the United States and Russia in 2013 will have additional policy tools to maintain and enhance a mutually-beneficial trade relationship, and U.S. exporters should have access to Russia's large and growing market on a non-discriminatory basis. In 2013, the United States welcomed the addition of the Lao People's Democratic Republic (PDR) and Tajikistan as WTO Members. The United States also looks forward to completing negotiations on the accession of Yemen and Kazakhstan to the WTO, and will continue to provide technical and other assistance to other WTO accession candidates, including but not limited to Serbia, Ethiopia, Algeria, and Afghanistan.

While supporting expansion of WTO membership and playing a proactive role in market-opening negotiations, the United States in 2013 will continue to promote and strengthen the WTO's committees, working groups, and its dispute settlement mechanism. These institutional structures are instrumental in promoting transparency of WTO Member trade policies as well as monitoring and resisting protectionist pressures during a challenging time for the global economy. By working together to help the WTO evolve as a whole, WTO Members can revitalize the institution for the 21<sup>st</sup> century and ensure it remains well-equipped to drive future economic growth and development, and support additional jobs through trade.

## *Support American Jobs through Increased Services, Manufacturing, and Agricultural Trade*

President Obama's economic strategy is helping the United States to attract, maintain, and grow high-wage, high-skill 21<sup>st</sup> century jobs and industries on our shores. In 2013, our efforts to support globally competitive U.S. exports and jobs here at home will cover the spectrum of U.S. sectors including services, manufacturing, clean energy technologies, and agriculture. We will also maintain and promote measures to facilitate trade and job-supporting investment worldwide.

As described above, the United States in 2013 is pursuing a high-standard services agreement that will support additional exports and jobs in globally competitive U.S. service industries. Every \$1 billion in U.S. services exports supports an estimated 4,000 U.S. jobs in America in 2012, and service industries employ approximately three out of every four American workers nationwide.

U.S. manufacturing continues to drive U.S. exports, as American manufacturers grow and adapt processes to produce more advanced and value-added goods. In 2012, the United States exported more than \$1.3 trillion of manufactured goods, which accounted for 87 percent of all U.S. goods exports and 61 percent of U.S. total exports. To support the growth of advanced manufacturing and associated high-quality jobs here at home, in 2013 President Obama will continue to push for sustained investment in education, infrastructure, and scientific research to keep U.S. workers and companies competitive with their global peers.

Rising U.S. agricultural exports continue to support more than an estimated one million American jobs throughout the U.S. agricultural supply chain. In 2012, U.S. farmers and ranchers exported a record \$145 billion of food and agricultural goods to consumers around the world, despite having a devastating drought in the Midwest. In 2013, the Administration will continue to advocate for market access and science-based standards in support of additional exports of products grown and raised in the United States.

The steadily expanding organics sector already accounts for more than \$400 million in U.S. exports globally. In 2012, the United States and the EU signed an arrangement stipulating that organic products certified in the United States or in the EU may be sold as organic in either region. To complement our organic product bilateral equivalency arrangements with the EU and with Canada, this year the United States will seek to secure additional arrangements to promote increased U.S. exports of organic products to other key markets. The United States will also explore the potential for plurilateral negotiations related to trade in agricultural products derived from new technologies. And we look forward to seeing increased U.S. beef exports to Japan as a result of our January 2013 agreement with Japan regarding trade in this important sector and to making more progress as Japan's risk assessment process continues.

To realize the full benefits of trade agreements that entered into force in 2012, the United States will engage in 2013 with Korea, Colombia, and Panama, using consultative mechanisms established by each agreement and other means as necessary, to ensure that all relevant commitments are upheld, including commitments related to agricultural market access and to apply science-based sanitary and phytosanitary standards to U.S. agricultural exports. We will also work with other key trading partners such as Russia and China, using a full range of trade tools, to secure market access for U.S. food and agricultural exports that is consistent with science-based sanitary and phytosanitary standards.

President Obama is determined to ensure that U.S. trade policy helps American companies and workers compete in global markets, and that rules-based international trade promotes innovation and competition to the benefit of all businesses and consumers worldwide. That is why the Administration is tackling emerging problems that increasingly affect trade in the 21<sup>st</sup> century. In the TPP and TTIP trade negotiations, for example, the United States is seeking new disciplines to address trade distortions and

unfair competition associated with the increasing engagement of large, State-owned enterprises in international trade. We are also actively combating “localization barriers to trade” – i.e., measures designed to protect, favor, or stimulate domestic industries, service providers, and/or intellectual property (IP) at the expense of goods, services, or IP from other countries – the use of which has increased in the last few years, especially in some of the world's largest and fastest growing markets. Localization barriers to trade that present significant market access obstacles and block or inhibit U.S. exports in many key markets and industries include: requiring goods to be produced locally; providing preferences for the purchase of domestically manufactured or produced goods and services; and requiring firms to transfer technology in order to trade in a foreign market. Such measures distort trade, create an uneven playing field for exporters, and limit or deny domestic businesses and consumers open access to a wide range of goods and services. In 2013, the Administration’s taskforce to combat localization barriers to trade will intensify its efforts. Building on progress made in 2012, the localization taskforce will coordinate an Administration-wide, all-hands-on-deck approach to tackle this growing challenge in bilateral, regional, and multilateral forums, and through trade agreements, enforcement, and policy advocacy.

Many high-wage, high-skill American jobs depend on the ability of multinational firms to invest both in the United States and abroad. According to the latest data available from the Department of Commerce, U.S.-based multinational firms employ 23 million Americans and pay compensation 25 percent higher than the U.S. private sector average. To enable increased U.S. exports and to continue attracting the best jobs and industries to U.S. shores, the United States in 2013 will seek to advance additional trade-enhancing investment measures with key trading partners. Building on a comprehensive review of the United States’ model bilateral investment treaty (BIT) as concluded in 2012, we will seek to secure high-standard BITs with trading partners such as China and India, as well as Mauritius; we will also continue exploratory BIT discussions with a number of countries including Russia, Cambodia, Ghana, Gabon, and the East African Community (EAC) as a region. High-standard BITs will provide investors with the increased certainty and predictability necessary to facilitate enhanced trade and investment, economic growth, and job creation.

#### *Expand Trade Opportunities through Regional Economic Integration*

The United States is working to enhance regional trade and economic integration with partners in every part of the world. Building more inclusive, integrated regional economies will promote increased growth and development in partner countries, expand U.S. export opportunities, and help to buttress a stronger global trading system.

As part of President Obama’s comprehensive strategy to support progress and development across the Middle East and North Africa (MENA), the United States in 2013 will work with regional partners to continue developing the Middle East and North Africa Trade and Investment Partnership (MENA TIP). Through bilateral and regional efforts, we will assist countries seeking to implement economic reforms and high-standard measures to liberalize trade and investment. In particular, the United States will work to build on agreements reached with Morocco in 2012 regarding trade facilitation, foreign investment principles, and information and communication technology services trade principles. We will also seek to make progress on similar initiatives with Jordan, Egypt, and Tunisia, among others. Where appropriate, the United States will work jointly with the EU and with other countries through the G-8’s Deauville Partnership for Arab Countries in Transition to promote economic growth and stability and encourage trade and investment integration both with and within the region. We will also continue to explore regional trade and economic opportunities with the Gulf Cooperation Council (GCC) – comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates – under the United States–GCC Framework Agreement for Trade, Economic, Investment and Technical Cooperation, which was signed in 2012.

This year, the United States will intensify engagement with trading partners in sub-Saharan Africa to advance key regional trade and investment initiatives. With East African Community (EAC) countries – Burundi, Kenya, Rwanda, Tanzania, and Uganda – we will advance the Trade and Investment Partnership agreed to by trade ministers in 2012, continuing to pursue a regional investment treaty and a trade facilitation agreement, to provide continued trade capacity building assistance, and to engage in a commercial dialogue. In addition, the Trade Africa initiative, a comprehensive White House-led strategy with a preliminary focus on East Africa, will further support three complementary goals: integration of the EAC market, including through support for implementation of the EAC Customs Union; increased EAC export readiness including increased trade within the EAC, within the continent, and globally; and increased two-way U.S.-EAC trade and investment. All of these activities will help expand and diversify trade and investment between the United States and EAC countries, promote EAC regional integration and economic growth, and could serve as building blocks to a more comprehensive trade agreement over the long term. Successful efforts with the EAC will also inform ongoing U.S. support for further integration efforts among other African regional economic communities including the West African Economic and Monetary Union (WAEMU), the Common Market for Eastern and Southern Africa (COMESA), and the Southern Africa Customs Unions (SACU). Building on these efforts, the United States will also support the Tripartite Free Trade Area negotiations which, when completed, will bring together the nearly 30 African countries of the EAC, COMESA, and SADC, as well as help further plans for an African Continental Free Trade Area.

Promoting regional economic integration remains a key objective of the Asia-Pacific Economic Cooperation (APEC) forum. In 2013, the United States will continue to play an active leadership role in APEC in close cooperation with Indonesia during its host year. The United States looks forward to working with other APEC economies in 2013 on a range of trade and investment initiatives, including the further facilitation of trade in environmental goods and services; promotion of good regulatory practices; improvement in supply chain performance; initiation of work on elimination of local content requirements; and the implementation of market-driven, non-discriminatory innovation policy. The United States also will work with other APEC economies to help advance work in other economic fora, including the WTO.

In 2013, the United States also will intensify work to enhance regional trade and investment with partners in the Association of Southeast Asian Nations (ASEAN) through the new Expanded Economic Engagement (E3) Initiative and the U.S.-ASEAN Trade and Investment Framework Agreement (TIFA). Launched by President Obama and ASEAN Leaders in 2012, the E3 Initiative will provide a framework for further economic cooperation and create new job-supporting business opportunities. The E3's initial priorities will focus on initiatives aimed at facilitating and expanding trade and investment, promoting digital technology, and supporting small businesses. Joint work on E3 initiatives may also help establish the groundwork for ASEAN countries to prepare to join high-standard trade agreements, such as the TPP.

#### *Promote and Protect Job-Supporting Innovation for Producers and Consumers Alike*

Intellectual property (IP) is a key source of American jobs, competitiveness, and prosperity. According to a 2012 Department of Commerce study, IP-intensive industries in 2010 directly accounted for 27.1 million American jobs and approximately 34.8 percent of U.S. gross domestic product. To sustain these vast and vital economic benefits, the United States in 2013 will continue to seek greater market access for IP-intensive U.S. products, and to protect job-supporting innovation in a balanced policy that benefits both producers and users of innovative products and services worldwide.

As a world leader in industries ranging from development of high technology to fine arts, the United States supports market-based competition and respect for the work of intellectual property rights holders in every country. To promote U.S. exports of IP-intensive products, we will work to secure full

implementation of IP-related commitments in U.S. trade agreements, particularly the agreements that entered into force in 2012 with Korea, Colombia, and Panama. And we will also closely monitor compliance with commitments secured in 2012, such as those related to pharmaceutical protection in Israel and U.S. film exports to China, among others. We will also engage with all of our trading partners to make progress on key IP trade-related issues. For example, close bilateral coordination in 2012 resulted in measures to better protect trademarks and pharmaceutical IP in Mexico, and implementation of new measures in Spain against Internet-based piracy.

In the Trans-Pacific Partnership negotiations, we will continue to work with TPP partners to advance state-of-the-art, high-standard provisions that will protect and promote the spread of IP-intensive products and services throughout the entire region, to the benefit of producers and consumers in all TPP countries. We will continue to seek constructive input from Congress and stakeholders on a wide range of trade issues related to the protection and enforcement of copyrights, trademarks, patents, trade secrets, and other forms of intellectual property. Such input helped to shape a 2012 U.S. proposal that would, for the first time in any U.S. trade agreement, obligate TPP Parties to seek to achieve an appropriate balance in their copyright systems in providing copyright exceptions and limitations for purposes such as criticism, comment, news reporting, teaching, scholarship, and research. In the area of public health, the Administration continues to welcome diverse stakeholder input to shape the development of proposals to promote access to innovative and generic medicines. The United States is committed, in the TPP and more broadly, to preserving developing countries' ability to protect public health and promote access to medicines for all, consistent with the principles laid out in the WTO Doha Declaration on the TRIPS Agreement and Public Health.

As we seek expanded markets for U.S. products, the United States will continue to defend aggressively millions of American jobs threatened by the wholesale theft of U.S. intellectual property, and will actively combat global counterfeiting that both threatens American jobs and often endangers the health and safety of global consumers. In 2013, the United States will continue to use the "Special 301" process and a broad array of other trade policy tools to identify and resolve intellectual property rights issues and related market access issues of concern. We will continue to collaborate with our trading partners to develop and implement solutions to issues of concern, and to encourage reforms that support innovation and creativity through consistent application and enforcement of the rule of law.

For example, we will intensify work with Russia under a December 2012 action plan to improve IPR protection and enforcement. We also will work with other trading partners to sustain and build upon progress made in 2012 to strengthen IPR protection and enforcement, which was reflected in positive results such as the removal of Malaysia and Spain from the Special 301 Watch List based on significant improvements to their copyright laws, and the removal of Israel from the Special 301 Priority Watch List based on its progress implementing a 2010 agreement on pharmaceutical intellectual property rights.

USTR will also continue to hold partners to their commitments, as we did in 2012 when Ukraine was added to the Special 301 Priority Watch List based on serious U.S. concerns regarding intellectual property rights protection and enforcement in that market, including Ukraine's failure to implement a previously agreed IPR action plan. Additionally, the United States will also continue to use Out-of-Cycle Reviews of Notorious Markets to shine a spotlight on and encourage the elimination of marketplaces that facilitate and sustain job-stealing piracy and counterfeiting. Five websites listed in the 2011 Notorious Markets List subsequently stopped operating, and in January 2013, China-based gougou.com shut down shortly after having been named in the 2012 Notorious Markets report.

## **II. Enforce U.S. Trade Rights Under the Rules to Ensure a Level Playing Field**

The rules-based international trading system offers the greatest economic benefits -- for U.S. businesses, workers, and families -- when all trading partners abide by their commitments and play by the rules to which they have agreed. For this reason, President Obama has elevated trade enforcement on par with market-opening efforts as a top priority for U.S. trade policy. Vigilant monitoring and rigorous enforcement of U.S. trade rights is necessary to ensure that American entrepreneurs, innovators, creators, workers, farmers, ranchers, manufacturers, and service providers are able to seize all of the job-supporting opportunities available under U.S. trade agreements. Consistent with President Obama's comprehensive approach to enforcement, the United States uses dialogue, negotiation, and dispute settlement as appropriate, to identify, reduce, and resolve tariff and non-tariff barriers to U.S. exports. These robust enforcement efforts help to level the playing field for U.S. firms of every size and produce real job-supporting results for America's working families.

The United States in 2013 will continue to ensure implementation of WTO rules -- while also monitoring and enforcing obligations in our bilateral, plurilateral, and regional trade agreements -- in order to maintain open markets and to uphold key commitments. Where appropriate, we will expand our enforcement work in conjunction with fellow WTO Members who share our concerns related to trade practices that appear to be inconsistent with WTO rules. As we continue to deploy creative and effective enforcement strategies, our goal remains to ensure that Americans can compete successfully in world markets where intellectual property is protected, where agricultural and industrial standards are based on science, and where transparent rules and regulations are applied without discrimination.

In 2013, the Interagency Trade Enforcement Center (ITEC) will play an increasingly critical role in the Obama Administration's enforcement efforts. The ITEC brings together resources and expertise from across the federal government into one organization reporting to the USTR, led in close collaboration with the Department of Commerce and with a clear cross-government commitment to strong trade enforcement. The ITEC includes staff from a variety of agencies including the Departments of Commerce, Agriculture, Justice, Treasury, and State, and with a diverse set of language skills and expertise including intellectual property rights, subsidy analysis, economics, agriculture, and animal health science. This critical structure provides the Administration with increased capabilities to investigate unfair trading practices, and ITEC is significantly enhancing the Administration's capacity to enforce U.S. trade rights proactively.

### *Challenge WTO-Inconsistent Trade Practices in Markets Worldwide*

The United States highly values the WTO's dispute settlement system, which plays an indispensable role as the preeminent venue for the discussion and adjudication of disputes with our trading partners. In 2013, we will continue to use dialogue when possible and WTO dispute settlement when necessary to help preserve and support American jobs threatened by WTO-inconsistent practices wherever they may occur. We will continue to pursue a number of cases currently pending in various stages of WTO dispute settlement, and we may bring additional cases as appropriate to enforce WTO commitments and to remove potentially WTO-inconsistent practices identified through our investigations.

For example, in 2013, the United States will continue to hold China accountable for its WTO obligations to ensure that U.S. producers and workers have a level playing field to compete in a wide range of industries. To secure a level playing field in China for U.S. providers of electronic payment services (EPS), we will closely monitor China's compliance with an August 2012 WTO panel report that found China's discriminatory measures severely distort competition and prevent participation by foreign

suppliers of EPS for domestic currency payment card transactions. To support U.S. farmers, manufacturers, and workers, the United States in 2013 will continue to challenge China's apparent misuse of its trade laws in antidumping and countervailing duties cases related to chicken broiler products and automobiles, and will closely monitor China's compliance with WTO findings that China's duties on grain-oriented electrical steel are inconsistent with WTO rules. More generally, the United States will also closely monitor China's compliance with its WTO obligations and will continue to investigate any trade practices that appear to be inconsistent with those obligations.

Tens of thousands of jobs for U.S. aerospace engineers, electricians, and related suppliers depend on U.S. aircraft manufacturers being able to compete globally on a level playing field. In 2013, the United States will continue to defend and uphold U.S. trade rights at the WTO, while working with the EU to find a long-term solution that removes WTO-inconsistent subsidies. In April 2012, the United States initiated compliance panel proceedings due to the EU's apparent failure to comply with the WTO's 2011 findings that \$18 billion in subsidies conferred on Airbus by the EU and member countries were WTO-inconsistent. In March 2012, the WTO Appellate Body found that the value of subsidies provided by the United States to American aerospace manufacturers was in the range of \$3-4 billion, and those subsidies had far fewer distortive effects on the aircraft market than subsidies provided by the EU. After the United States announced compliance by the end of its period of time for implementation, in October 2012, the EU initiated compliance panel proceedings, and the United States is vigorously defending its interests in the case. The United States remains prepared to engage in any meaningful efforts, through formal consultations and otherwise, that will lead to the goal of ending WTO-inconsistent subsidies at the earliest possible date.

The United States asserts WTO rules not only to vindicate U.S. trade rights, but also to promote and strengthen the WTO's core values related to open markets and nondiscrimination. To this end, we are expanding our cooperation with concerned trading partners to identify and respond to a range of WTO-inconsistent practices that inhibit the free flow of trade and market-based competition.

Export prohibitions and restrictions imposed through quotas, licensing, or other measures (except duties, taxes, or charges) that serve to lower input costs for domestic users and raise costs for their foreign competitors are generally prohibited under WTO rules. During the past three years, we coordinated enforcement actions with the EU and Japan to challenge China's unfair export restraints on rare earths, tungsten, and molybdenum, and with the EU and Mexico to challenge China's export restraints on certain industrial raw materials. In 2013, we will continue to support U.S. manufacturing jobs and to defend manufacturers' trade rights to access key industrial inputs on a non-discriminatory basis, by continuing a WTO challenge to China's unfair export restraints on rare earths, tungsten, and molybdenum, and by seeking to ensure China's full and timely compliance with the WTO's decision in the raw materials case.

WTO rules forbid subsidies that are contingent on exports or that discriminate against imports by being contingent on using domestic products. In 2013, the United States will continue to challenge both forms of these trade-distorting, WTO-prohibited subsidies. To support U.S. auto and auto parts manufacturers and workers, we will continue to pursue a September 2012 WTO dispute settlement case concerning China's extensive subsidies to auto and auto parts producers located in designated regions, known as "export bases," that meet export performance requirements. The subsidies provide an unfair advantage to auto and auto parts manufacturers located in China, which are in competition with producers located in the United States and other countries. To provide U.S. clean energy goods and services an equal footing in India's large and growing market, the United States initiated a WTO dispute in February 2013 concerning India's national solar energy program. Through this program, India offers particular benefits to solar energy developers not available to projects under other energy programs in India, but imposes local content requirements that restrict the ability of those developers to use imported solar equipment. These local content requirements discriminate against U.S. and other imported goods, providing an unfair

advantage to solar equipment manufacturers located in India. Under WTO rules, if the matter is not resolved through consultations within 60 days, the United States may request the establishment of a WTO dispute settlement panel.

According to WTO rules, import licensing requirements may not operate as an import prohibition or restriction and may not be discretionary. In January 2013, the United States obtained a WTO panel to review a number of measures put in place by Argentina, including the broad use of non-transparent and discretionary import licensing requirements, that have the effect of unfairly restricting U.S. exports to Argentina. In addition, Argentina disadvantages U.S. exports by requiring importers to agree to undertake burdensome trade balancing commitments, such as agreeing to export a certain value of Argentine goods, in exchange for authorization to import U.S. goods. The European Union and Japan also obtained WTO panels to examine Argentina's import restrictions. In January 2013, the United States requested consultations with Indonesia to address that country's import licensing requirements that appear to be inconsistent with Indonesia's WTO obligations. Indonesia's measures seriously impede U.S. agricultural exports to Indonesia and reduce Indonesian consumers' access to high-quality U.S. agricultural products. Under WTO rules, if the matter is not resolved through consultations within 60 days, the United States may request a WTO dispute settlement panel.

The WTO system works best when all Members have high confidence in the careful and appropriate application of rules. For example, any restrictions on agricultural trade must be consistent with WTO rules, particularly rules requiring sanitary and phytosanitary measures to be based on science. Therefore, in 2013 the United States will continue its WTO challenge of India's prohibition on the importation of certain U.S. agricultural products, including poultry meat and chicken eggs. The United States obtained a WTO panel in June 2012 to examine India's measure, which purports to be concerned with preventing avian influenza, but which lacks a scientific basis. In fact, India's measure appears inconsistent with both international standards and India's obligations under the WTO Agreement.

As always, the United States will when necessary continue to defend vigorously its right to utilize trade remedies, including antidumping and countervailing duties, consistent with WTO rules.

#### *Intensify WTO Committee Work to Increase Accountability and Build Confidence Among Members*

The day-to-day work of the WTO's standing committees and other bodies provide opportunities for the United States to monitor implementation of WTO commitments and raise specific trade concerns. For example, the United States regularly utilizes discussions of specific trade concerns in the Committee on Technical Barriers to Trade (TBT Committee) to highlight regulatory actions by other WTO Members that may impede U.S. exports and obtain information on their development and implementation. Overall, the United States has attempted to reenergize the daily work of the WTO, from pushing for strong results in the Triennial Review in the TBT Committee, to raising concerns with new trade-restrictive measures in the Import Licensing Committee, Committee on Sanitary and Phytosanitary Measures, and Council for Trade in Goods.

In 2013, we will continue to utilize WTO committees and other WTO bodies to challenge new protectionist measures and consider approaches that can improve implementation of WTO commitments and build on these commitments. We will follow up on important concerns raised in 2012, including those regarding Ukraine's notification that it intends to raise tariff bindings on over 350 tariff lines. We will also work to elevate the vital role of the WTO's committee network in exploring emerging challenges surrounding issues such as regional trade agreements, export restrictions, food security, and governmental involvement in commercial activities.

### *Uphold Obligations in U.S. Trade Agreements*

In addition to playing a leadership role in the WTO's rules-based system, in 2013 the United States will monitor and enforce commitments in our bilateral, plurilateral, and regional trade agreements. At the same time, we will engage directly with our trading partners to address issues of concern and uphold commitments in key areas such as protection of labor rights and the environment.

In 2013, the United States will continue to monitor bilateral softwood lumber trade with Canada to ensure full compliance with the United States-Canada Softwood Lumber Agreement (SLA). The SLA supports American workers throughout the U.S. timber supply chain by helping to provide a more predictable and fair environment for conducting international trade in softwood lumber. In 2012, the United States and Canada agreed to extend the Agreement through October 12, 2015.

The United States is working with the government of Peru in 2013 regarding the implementation of that country's environmental obligations in the United States-Peru Trade Promotion Agreement (PTPA), including the development of new regulations to further strengthen forest sector governance in Peru. In addition, the Governments of the United States and Peru will implement a five-point forest sector action plan agreed in early 2013. The action plan focuses on addressing underlying challenges regarding the sustainable management of bigleaf mahogany and Spanish cedar in Peru, which were identified through a rigorous review of information provided in a petition to the U.S. Government from an environmental organization. The action plan will support Peru's forestry sector reform efforts, further Peru's implementation of its obligations under the PTPA and deepen the two Governments' ongoing cooperation on forestry issues. Bigleaf mahogany and Spanish cedar are two species of timber protected under the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES).

Building on the first ever labor rights enforcement case brought under a U.S. trade agreement (the Dominican Republic-Central America-United States Free Trade Agreement, or CAFTA-DR), the United States in 2013 will use every means available to ensure that the government of Guatemala addresses its apparent failure to enforce Guatemala's labor laws effectively. Similarly, the United States will work with the government of Bahrain to address labor rights concerns that were identified by a 2012 review under the United States-Bahrain Free Trade Agreement. We will also work with Jordan to address labor issues under the United States-Jordan Free Trade Agreement through an action plan with steps that Jordan will take to improve respect for internationally recognized labor rights. Whether through enforcement or engagement and dialogue, the Obama Administration is determined to protect the rights of workers in America and abroad, and to provide a level playing field for workers here at home.

### **III. Enhance Trade and Investment Relationships with Partners Worldwide**

The United States continues to promote mutual accountability and shared ambition as we work to strengthen our international trade relationships and support trade-related U.S. jobs. In 2013, the United States will maintain steady engagement with trading partners to maintain open markets and create additional two-way trade and investment opportunities.

#### *The Americas*

The United States has its most extensive network of comprehensive trade agreements with the countries of the Western Hemisphere. This is creating a large region of shared values and policy approaches that will continue to provide new opportunities for U.S. exporters. In 2013, the United States will work closely with Canada and Mexico – in parallel with TPP negotiations as appropriate – to deepen our

partnerships respectively, enhance North American competitiveness collectively, and address challenges constructively. We will work with both Canada and Mexico to strengthen protection and enforcement of IP rights by modernizing outdated laws and regulations, stopping counterfeit goods at our shared borders, and partnering internationally to fight IP theft, among other steps. We will also work with Canada and Mexico – through bilateral consultative committees, as well as the relevant NAFTA committees – to address barriers to U.S. exports of agricultural products and other issues. For example, with Mexico, the United States will share information about proposed regulations and identify those regulations that might impede U.S. exports and North American competitiveness, as we work collaboratively through the NAFTA Committee on Standards Related Measures and the High Level Regulatory Cooperation Council. With Canada, the United States will build on significant progress made in 2012 under the Beyond the Border (BTB) Action Plan and the Regulatory Cooperation Council (RCC) Action Plan initiatives. In 2013, we will continue to advance U.S.-Canada perimeter security and economic competitiveness with the goal of achieving results that will translate into a significant savings and improve the lives of residents, visitors, and businesses in both countries. The United States will also continue to monitor implementation of the SLA, including Canada’s compliance with arbitral awards.

U.S. trade agreements with Colombia and Panama entered into force during 2012 and the second tranche of tariff reductions were implemented under each agreement on January 1, 2013. Moving forward in 2013, the United States will convene with Colombia and Panama, respectively, all relevant committees and working groups established under the agreements to ensure continuing implementation of and compliance with all provisions. These efforts will include, for example: holding the first meeting of the oversight body under the United States-Panama Trade Promotion Agreement; exploring possible acceleration of tariff elimination under the United States-Colombia Trade Promotion Agreement; and updating the rules of origin in both agreements to reflect changes in the Harmonized Tariff System. Additionally, the United States will continue to monitor labor issues in Panama and Colombia and continue to work closely with the government of Colombia on its commitments under the Action Plan Related to Labor Rights. At the same time, the Administration will undertake comprehensive efforts to help U.S. exporters of all sizes take full advantage of the job-supporting trade opportunities made possible by these agreements.

The United States also has comprehensive trade agreements with Chile and Peru, which are both participating in the TPP negotiations. In 2013, we expect to make continued progress with Chile on agriculture, trade and investment issues, and intellectual property issues, through both TPP negotiations and the United States-Chile Free Trade Agreement. We will also encourage Peru to ensure that recent measures do not adversely affect trade in agricultural products derived from new technologies.

Strong growth in trade and investment flows between the United States and Brazil over the past decade has given rise to one of the most robust economic relationships in the world. Two-way U.S.-Brazil trade in goods increased 160 percent from 2000 to 2012, and both U.S. goods exports to and imports from Brazil have more than doubled since 2000. In 2012, Brazil was the United States’ seventh largest goods export market. The United States will continue its engagement with Brazil through the Agreement on Trade and Economic Cooperation (ATEC) launched in 2012. Complementing a new Investment Dialogue under the ATEC, which met last year, the United States will engage with Brazil through a new IPR and Innovation Working Group. The United States looks forward to advancing the relationship at the ATEC meeting to be hosted by Brazil later this year. In addition, the Administration will continue to work with Congress to find a mutually-agreeable solution to the Brazil Cotton dispute in the next farm bill. The Administration will also undertake comprehensive efforts to help U.S. exporters of all sizes take full advantage of job-supporting trade and investment opportunities in Brazil.

Trade between the United States and Central America and the Caribbean continues to grow. The United States will continue to work with our partners in Central America and the Dominican Republic, both

bilaterally and through the CAFTA-DR, to promote job-supporting, mutually beneficial trade and investment. In 2013, the United States will work to deepen trade relationships with CAFTA-DR partners to strengthen implementation of the trade agreement, facilitate trade and address outstanding issues related to IP, SPS measures, and customs and border measures, among others. We will seek to conclude a revised TIFA with the Caribbean Community (CARICOM). And we will continue to foster the active participation of Caribbean Basin Initiative (CBI) beneficiary countries and dependent territories in the region by conducting a thorough review now underway to determine if any CBI eligible countries and dependent territories may qualify for expanded benefits.

The United States will also continue to use trade and investment dialogues with Uruguay and Paraguay to support increased U.S. exports and expand two-way trade and investment.

### *China*

As the complex trade and economic relationship between the United States and China continues to mature and evolve, President Obama is committed to ensuring U.S. trade with China provides American exporters with a level playing field to compete in China's large and growing market. The United States has welcomed China's growing leadership role at both the regional and multilateral levels; moving forward, we will seek to enhance cooperation toward common objectives on the basis of our shared responsibility to sustain global economic growth and stability in support of trade-related jobs.

In 2013, the United States will address trade objectives with China using all available tools including dialogue, negotiation, and enforcement when appropriate. We will seek to increase transparency and eliminate market access barriers across all sectors. We will advance BIT negotiations with China to secure improved market access, important investor protections, and increased certainty for US investors. We will continue to work to obtain a comprehensive offer from China, commensurate with other Parties' coverage, to join the WTO Government Procurement Agreement, as this would provide substantial access for U.S. and international exporters to one of the world's largest government procurement markets. We will closely monitor implementation of China's bilateral and WTO commitments to respect and protect U.S. intellectual property, and will work with China to improve intellectual property protection and enforcement, recognizing that strong rule of law is essential to encourage and support continued innovation. As stated, we will also continue to hold China accountable for its other WTO commitments through appropriate enforcement efforts that aim to end discriminatory policies wherever they are discovered in China.

Our 2013 efforts to promote healthy and equitable trade with China will build on recent progress in several areas. Bilateral engagement in 2012 – through the Joint Commission on Commerce and Trade and the Strategic and Economic Dialogue, as well as the Innovation Dialogue and other key working groups and bilateral fora – produced meaningful results on key trade and investment issues, though there is more work to do. In 2013, we will continue to work proactively through bilateral venues to address new and ongoing challenges, as well as seeking timely and thorough implementation of China's past commitments, including but not limited to: addressing U.S. concerns regarding various measures impeding imports of U.S. goods, such as food and agricultural products, information technology and telecommunications equipment, medical devices, and an array of manufactured products into China; and not discriminating in favor of China's state-owned enterprises and national champions in providing credit, taxation incentives, and in regulatory policies.

To preserve and support American jobs and innovation, the United States will rigorously monitor China's 2012 commitment to treat intellectual property rights owned or developed in other countries the same as intellectual property rights owned or developed by the Chinese, along with China's commitments not to interfere with businesses' technology transfer decisions, and to promptly correct any measures

inconsistent with this commitment. In addition, we will seek prompt implementation of China's 2012 commitments on intellectual property, including the commitments regarding the use of legal software by Chinese enterprises, as well as audits of software on computers used by the Chinese government. We will also closely monitor implementation of China's February 2012 agreement, which followed the United States' win in a WTO dispute, to increase market access significantly for U.S. movies being imported and shown in China's theaters.

### *Russia*

Following the successful establishment in late 2012 of permanent normal trade relations with Russia, the WTO Agreement now applies between our two countries. In 2013, the United States will seek to strengthen further the U.S.-Russia trade and investment relationship through the WTO, while also continuing bilateral dialogue to address important concerns. We will monitor Russia's implementation of its WTO obligations and take action as necessary to ensure U.S. exports are treated consistently with those commitments. And we will work closely with Russia on a bilateral basis to execute its action plan to improve IP rights protection and enforcement, including through the United States-Russia IPR Working Group. At the same time, we will seek to establish with Russia new opportunities for dialogue to explore jointly additional trade-expanding policy initiatives, such as a potential TIFA. The Administration will also undertake comprehensive efforts to help U.S. exporters of all sizes take full advantage of job-supporting trade opportunities in Russia.

### *Europe*

Alongside Transatlantic Trade and Investment Partnership negotiations with the EU in 2013, the United States will sustain engagement with our European trading partners on an individual basis as appropriate to address country-level concerns and enhance two-way trade and investment. Targeted efforts in 2012 yielded job-supporting results such as important improvements to intellectual property laws in Spain, and the establishment or modification of EU tariff rate quotas for several key U.S. agricultural exports, as compensation for certain tariff increases that were associated with Bulgaria's and Romania's 2007 admission to the EU.

### *The Middle East and North Africa*

While promoting and supporting regional trade and economic integration throughout the Middle East and North Africa, the United States in 2013 will also seek to strengthen bilateral trade and economic ties. We will continue to use the mechanisms established under our trade agreements and TIFAs to advance bilateral priorities on a range of trade and investment issues, from our trading partners' participation in the Generalized System of Preferences (GSP) program to better protection for intellectual property rights and non-discriminatory treatment of U.S. firms in general. With Turkey, we will convene the third meeting of the United States-Turkey Framework for Strategic Economic and Commercial Cooperation (FSECC) to review progress in ongoing cooperative activities and to plan additional measures to promote bilateral trade and investment and broader trade and investment integration, particularly in the MENA region. Steps will include actions pursuant to activities agreed by ministers at the 2012 FSECC such as: facilitating contacts between U.S. and Turkish companies in the construction and engineering sectors to promote cooperation on specific infrastructure opportunities in Turkey, the United States, and third countries; to fully realizing a Near Zero Zone technical training program on increasing efficient use of energy in Turkey's 264 industrial zones, and sponsoring a Smart Grid Workshop focused on ways to foster U.S. and Turkish private sector cooperation in building a 21<sup>st</sup> century electricity transmission grid in Turkey. We will work with Israel to ensure full implementation of a 2012 mutual recognition agreement that eases burdens on U.S. companies, especially smaller manufacturers, seeking to export telecommunications products to Israel.

### *Sub-Saharan Africa*

In 2013, the United States will work with trading partners across sub-Saharan Africa to improve two-way trade and investment and foster broad-based economic growth and development. We will advance President Obama's comprehensive strategy for U.S. engagement with sub-Saharan Africa, as established by a 2012 Presidential Policy Directive (PPD) calling for additional measures to spur economic growth, trade, and investment to the benefit of businesses, workers, and families in both the United States and Africa. In addition to the regional initiative we are undertaking with the EAC as described in greater detail above, the Administration will also intensify discussions with Congress and our trading partners, as well as U.S. and African stakeholders, on defining and achieving a seamless renewal of the African Growth and Opportunity Act (AGOA) beyond 2015. Created in 2001, AGOA has increased and diversified two-way U.S.-sub-Saharan African trade, helping to facilitate a three-fold increase in non-oil exports from AGOA beneficiary countries to the United States, which totaled nearly \$4.8 billion in 2012. More broadly, AGOA has enhanced African economic growth and stability, and improved the business environment to the benefit of both African and U.S. firms and investors. Discussions regarding the future of AGOA may include issues such as eligibility criteria and product coverage, and the annual AGOA Forum, to be held in Ethiopia in 2013, will provide an important opportunity for such discussions. The United States will also continue to support economic reform and development efforts in AGOA-eligible countries, including those that have recently become eligible for AGOA benefits, such as South Sudan.

Further, we will use bilateral mechanisms such as TIFAs to strengthen trade and investment relationships with African partners including but not limited to Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, and South Africa; and regionally with the EAC, COMESA, SACU, and WAEMU. In 2013, the United States will also aim to conclude Bilateral Investment Treaty (BIT) negotiations with Mauritius, and explore BIT talks with Ghana and Gabon.

### *Japan*

The United States and Japan share a mutual interest in fostering additional economic growth and employment through trade. In 2013, the United States will continue consultations with Japan on its interest in the TPP, focusing on Japan's readiness to meet the TPP's high standards and address U.S. concerns in key sectors such as automotive and insurance. At the same time, the United States will engage with Japan through bilateral mechanisms to reduce regulatory and other barriers to U.S. exports and to enhance two-way trade. In particular, we look forward to seeing increased U.S. beef exports to Japan as a result of our January 2013 agreement with Japan regarding trade in this important sector and making more progress as Japan's risk assessment process continues. We will also continue to collaborate with Japan in pursuit of additional trade liberalization at the regional, plurilateral, and multilateral levels.

### *Korea*

Entry into force of the historic United States-Korea Free Trade Agreement in 2012 has enhanced the already robust trade relationship between the United States and Korea; on January 1, 2013, both countries implemented the second annual tariff reductions under the agreement. Moving forward in 2013, the United States and Korea will jointly convene relevant committees and working groups established under the agreement as necessary to ensure continuing implementation of its provisions. At the same time, the Administration will undertake comprehensive efforts to help U.S. exporters of all sizes take full advantage of the job-supporting trade opportunities made possible by the agreement. The United States will also enhance engagement with Korea regarding regional, plurilateral, and multilateral trade issues of mutual interest.

## *Southeast Asia*

To complement robust engagement through ASEAN and other regional fora, in 2013, the United States will work bilaterally with trading partners across Southeast Asia to address trade and investment barriers and enhance mutual economic growth and development. We will hold regular meetings under our TIFAs with Thailand, Philippines, Indonesia, and Cambodia to resolve bilateral issues, such as customs, intellectual protections, and non-tariff barriers on agricultural products and industrial goods; and to coordinate on APEC, WTO, and ASEAN issues, including on the E3 Initiative described above in greater detail. We also will continue exploratory discussions with Cambodia regarding a possible bilateral investment treaty. With the Lao PDR's accession to the WTO now complete, we look forward to the benefits of the U.S.-Lao PDR bilateral market access agreement achieved in 2012. In addition, we will engage with Burma to encourage and support reform efforts that will foster broad-based economic development, and we will explore potential opportunities for increased trade in the future.

## *India*

Steadily increasing trade and investment between the United States and India is increasing the dynamism of this important economic relationship. Two-way U.S.-India trade in goods in 1980 was only \$2.8 billion; since then, it has skyrocketed to \$62.9 billion in 2012. India's impressive economic growth and development will support significantly more U.S. exports and jobs in the future, particularly if India resists adopting trade-restrictive measures and continues to open its market at a level commensurate with its increasing role in global trade. In 2013, the United States will engage with India in a variety of ways to enhance two-way trade and increase opportunities for U.S. investment in and exports to India's large and growing market. To enable U.S. investors to do business with greater certainty and predictability in India, we will continue to pursue negotiations for a high-standard BIT. We will convene the U.S.-India Trade Policy Forum to address concerns and engage with the government of India on a wide range of trade and investment issues, including concerns related to potentially trade-restrictive localization policies. Through the Trade Policy Forum, the United States and India will also expand previous engagement to cooperate in areas such as manufacturing and innovation, where both countries can strengthen their respective economies in a manner that facilitates bilateral trade and investment. We will also build upon successful 2012 efforts to increase contacts and coordination among state governments and the private sector in India and the United States.

## **IV. Fight Poverty and Foster Global Economic Growth through Trade**

The United States has an obligation – and the Obama Administration has the intent – to partner where possible with the poorest countries to lift people out of poverty and foster opportunity for more of our fellow men and women around the world. Promoting economic development by creating trade opportunities for some of the world's least-advantaged workers today can help to reduce the appeal of corruption and violence, and increase the likelihood of societal change through peaceful, democratic means. Helping developing countries grow and expand their economies through trade also helps the United States by providing U.S. exporters greater opportunity to sell products made in America to billions of new consumers abroad; these sales in turn help to grow and support higher-wage jobs at home.

U.S. trade preference programs are intended to provide opportunities for the world's poorest people to climb out of poverty through trade. This principle will guide the Administration's work with Congress this year to renew authorization of the Generalized System of Preferences (GSP) program, which is scheduled to expire on July 31, 2013. The GSP program, initially established in the Trade Act of 1974, helps developing countries to expand their economies by allowing many goods from these countries to be

imported to the United States duty free. The GSP program also aids American manufacturing by lowering the cost of imported goods used as inputs in value-added U.S. production. As the Administration consults with Congress on the future of the GSP program, it will examine options that take into account both the needs of the world's poorest countries and the growing competitiveness of many emerging market GSP beneficiaries, as well as the impact of the program on U.S. businesses and consumers. The Administration will continue to review beneficiary countries' compliance with the statutory GSP eligibility criteria, including through careful monitoring and evaluation of labor, investment, and other conditions in GSP beneficiary countries. In parallel with our conversations on GSP, the Administration will consult closely with Congress about the future of AGOA (described above), as we seek to extend and renew the program beyond 2015.

In 2013, the United States will continue to lead efforts to assist developing countries, especially least developed countries (LDCs), to become better integrated into global trade. We look forward to participating in the WTO's Fourth Global Review of Aid for Trade, and we will work to improve the effectiveness of U.S. bilateral trade capacity building mechanisms, such as the African Trade and Competitiveness Enhancement (ACTE) initiative in sub-Saharan Africa which, among other things, supports the work of three regional trade hubs. In addition, the Millennium Challenge Corporation (MCC) has programs totaling \$8.4 billion in 30 countries worldwide – many with large trade capacity building elements. We will also continue cotton-related trade capacity building in West Africa through the West Africa Cotton Improvement Program (WACIP). In addition, we are supporting LDC participation in trade facilitation negotiations at the WTO through a demand-driven assistance mechanism dedicated to assisting developing countries in the implementation of trade facilitation reforms. Given that the most significant global trade barriers are between developing countries, the United States will continue to promote market opening across developing countries, as well as regional integration, to promote new trade flows.

As gender discrimination frequently presents and compounds barriers to trade and development, the United States strongly supports efforts to expand opportunities for women and women entrepreneurs throughout the global economy. In 2013, the United States will continue to seek and share insights and best practices with partners – through APEC, the WTO, in TPP negotiations, and other fora – to improve women's ability to participate in and reap the benefits of trade. In addition, we will continue to focus on improving women's ability to access markets, capital, capacity building, and leadership opportunities through bilateral engagement with trading partners around the world.

The United States will also continue to work with the private sector and non-governmental organizations to promote trade and economic growth in developing countries. Public-private partnerships bring together important actors and combine resources to address development challenges. For example, in part to help women in Africa benefit more from AGOA, the African Women's Entrepreneurship Program (AWEP) – a public-private partnership of the U.S. Government, U.S. non-profits, and several major U.S. companies providing significant funding and technical assistance to African governments and stakeholders – has built a strong network of more than 100 women entrepreneurs across sub-Saharan Africa. The Plus One for Haiti initiative brings together U.S. and Haitian government officials with partners in the private sector to help the people of Haiti rebuild and renew economic development, by promoting trade opportunities in the textile and apparel industry that are provided for in the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE II) and the Haiti Economic Lift Program (HELP) Act. In 2013, we will continue to support Plus One for Haiti, AWEP, and other public-private partnerships – such as partnerships for food safety and security – that advance economic growth, trade, and development globally.

## V. Develop Balanced Trade Policy Informed by Diverse Perspectives

To develop and sustain U.S. trade policies that support American jobs and strengthen the global trading system, the Obama Administration in 2013 will continue to consult with Congress and seek input from a wide range of stakeholders. Intensive and ongoing outreach, including creative approaches to enhance public engagement, will enable the Administration to formulate U.S. trade policy that is responsible and more responsive to Americans' needs.

Bipartisan cooperation between Congress and the Obama Administration can help to secure job-supporting trade opportunities, and Congressional support for the Administration's tough approach to trade enforcement is critical as we defend U.S. trade rights and hold our trading partners accountable for meeting their commitments. In 2013, the Administration will continue to consult closely with Congress on U.S. trade policy. As TPP negotiations advance, we are continuing to engage intensively with Congress to ensure that U.S. negotiating positions and an eventual agreement appropriately reflect key U.S. interests and concerns. Similarly, we are coordinating closely with Congress in our efforts to deepen transatlantic trade and investment with the EU and on ISA negotiations.

Beyond market-opening efforts, the Administration will continue to respond to Congress's desire for robust trade enforcement, including by continued work with and appreciation for Congress's support with regard to the Interagency Trade Enforcement Center (ITEC).

As we continually seek to improve the effectiveness of U.S. trade preference programs, we will work with Congress to renew GSP in 2013 and AGOA before 2015. As economies now subject to the "Jackson-Vanik amendment" join the WTO, we will work with Congress to terminate the application of Jackson-Vanik and extend PNTR to these countries. And to maintain support for hard-working Americans undergoing trade-related transitions, we will work with Congress to renew Trade Adjustment Assistance (TAA) programs before they expire on December 31, 2013.

To develop and advance balanced and responsible U.S. trade policy, the Obama Administration in 2013 will continue dialogue with a wide range of stakeholders. We will use a variety of means to engage – primarily in direct and constant outreach by U.S. trade officials to solicit, obtain, and incorporate public input in the course of their daily work, but also through more formal mechanisms including public hearings, publication of notices in the Federal Register, bi-annual meetings with trade policy advisory committees, regular domestic travel by U.S. trade officials to meet with and hear from the public, and specific events focused on subjects of interest. In particular, as we seek an ambitious conclusion to TPP negotiations, we will continue to build on our unprecedented direct engagement with stakeholders, including during TPP negotiating rounds. In addition, we will maintain open channels of communication for constructive public feedback on all aspects of the TPP, as well as new or potential future trade agreements. At the same time, the Administration will vigorously defend and work to preserve the integrity of confidential negotiations, because they present the greatest opportunity to achieve agreements that fulfill U.S. trade negotiation objectives – which are directly aimed at supporting jobs for more Americans here at home.

President Obama believes that every American worker should have a fair shot to compete and succeed in the global marketplace, and that respect and fundamental protections for labor rights should help form the foundation of a level playing field worldwide. The Obama Administration has applied this principle to every major element of U.S. trade policy by: negotiating high standard labor provisions in comprehensive trade agreements; ensuring U.S. trade partners meet their trade agreement and preference program obligations related to worker rights; and engaging a broad range of domestic and international stakeholders along with key trade partners to improve working conditions around the world. In 2013, we

will actively work with Colombia on continued implementation of the Action Plan Related to Labor Rights, with Guatemala to resolve the pending dispute settlement case, and with Bahrain, Jordan, the Dominican Republic, Honduras and others to address labor issues under our trade agreements. In the TPP negotiations, we will seek to ensure a high standard text that protects worker rights, helps to raise working conditions and standards, and becomes a model for other trade negotiations. We will also continue worker rights reviews being conducted with Bangladesh, the Philippines, Swaziland, and others under our preference programs. And where we do not have comprehensive trade agreements or preference programs in place with key trading partners, we will work to prioritize worker rights issues in discussions at the bilateral, regional, and multilateral levels.

The Obama Administration's trade agenda addresses trade-related environmental issues affecting everyone on our shared planet. In 2013, we will continue to pursue robust trade measures to open markets and advance environmental goals at the same time. We will seek strong environmental protection commitments in trade negotiations and explore additional opportunities to liberalize trade in environmental goods and services globally. In TPP, we have submitted a comprehensive set of environmental proposals, including innovative new elements designed to advance conservation challenges specifically. In APEC, we will work toward implementation of the 2012 commitment to reduce applied tariffs on environmental goods; seek to further address non-tariff barriers in this sector; and work to combat illegal forest products trade and promote trade in legally sourced products. Building on successful 2012 work with the government of Peru to prevent trade in illegally-harvested forest products, the Administration will also continue to work closely with our trading partners to monitor and enforce all of the environmental obligations contained in U.S. trade agreements.

## **Conclusion**

The Obama Administration continues to pursue a balanced and comprehensive approach to trade policy that advances U.S. interests and reflects our values. Thanks to these efforts, U.S. producers are selling more goods around the world stamped with 'Made in America,' and trade is supporting more jobs here at home.

In 2013, we look forward to engaging with our global trading partners, with Congress and with all Americans to ensure that trade continues to move us forward toward President Obama's goal of an economy built to last – one that is globally competitive and that will support a thriving American middle class for generations to come.

**Ambassador Ron Kirk**  
**United States Trade Representative**  
**February 28, 2013**