

# VI. TRADE POLICY DEVELOPMENT

## A. Trade Capacity Building (“Aid for Trade”)

On September 22, 2010, President Obama released his strategy for development. The President’s approach to global development addresses the new strategic context faced by the United States through the following three pillars:

- A policy focused on sustainable development outcomes that places a premium on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs;
- A new operational model that positions the United States to be a more effective partner and to leverage our leadership; and
- A modern architecture that elevates development and harnesses development capabilities spread across government in support of common objectives – including a deliberate effort to leverage the engagement of and collaboration with other donors, foundations, the private sector, and NGOs – not just at the project level, but systemically.

USTR participated actively in the preparation of this strategy, and will remain active in its implementation. USTR has continued to work closely with the Department of State, USAID, MCC, USDA, and other USG agencies to support countries in their capacity to trade, as described in this section.

Trade policy and development assistance are key tools that together can help alleviate poverty and improve opportunities. Through “aid for trade,” the United States focuses on giving countries, particularly the least trade-active, the training and technical assistance needed to: make decisions about the benefits of trade arrangements and reforms; implement their obligations to bring certainty to their trade regimes; and enhance such countries’ ability to take advantage of the opportunities of the multilateral trading system and to compete in a global economy. Accordingly, U.S. assistance addresses a broad range of issues so that communities, rural areas, and small businesses, including female entrepreneurs, benefit from ambitious reforms in trade rules that are being negotiated in the WTO and in other trade agreements.

An important element of this work involves coordinating U.S. Government technical assistance activities with those of the international institutions in order to identify and take advantage of donor complementarities in programming and to avoid duplication. Such institutions include the WTO, the World Bank, the IMF, the regional development banks, the United Nations, and others. The United States, led by USTR at the WTO and by the Treasury Department at the international financial institutions, works in partnership with institutions and other donors to ensure that, where appropriate, trade-related assistance is an integral component of development programs tailored to the circumstances within each developing country.

The United States’ efforts build on its longstanding commitment to help partner countries benefit from the opportunities provided by the global trading system, both through bilateral U.S. assistance and through multilateral institutions. U.S. bilateral assistance includes programs such as targeted assistance for developing countries participating in U.S. preference programs; coordination of assistance through Trade and Investment Framework Agreements (TIFAs); trade capacity building (TCB) working groups that are integral elements of negotiations to conclude Free Trade Agreements (FTAs); and Committees on TCB

created to aid in the negotiation and or implementation of a number of FTAs, including the FTAs with the Dominican Republic and Central America, Colombia, Panama, and Peru, and for some partners in the ongoing Trans-Pacific Partnership negotiations. The United States also provides bilateral assistance to developing countries to enable them to work with the private sector and non-governmental organizations to transition to a more open economy, to prepare for WTO negotiations, and to implement their trade obligations. Multilaterally, the United States has supported and will continue to support trade-specific assistance mechanisms like the Enhanced Integrated Framework for Trade-Related Assistance to Least-Developed Countries and the WTO's Global Trust Fund for Trade-Related Technical Assistance.

## **1. The Enhanced Integrated Framework**

The Enhanced Integrated Framework for Trade-Related Assistance to Least-Developed Countries (EIF) is a multi-organization, multi-donor program that operates as a coordination mechanism for trade-related assistance to least-developed countries (LDCs) with the overall objective of integrating trade into national development plans. Participating organizations include the WTO, World Bank, IMF, UNCTAD, UNDP, UNIDO, and the International Trade Center. The mechanism incorporates a country-specific diagnostic assessment and action plan formulated by one of the international organizations in cooperation with the participating LDC. The action plan, consisting of needs identified by the diagnostic assessment, is offered to multilateral and bilateral donors. Project design and implementation can be accomplished through the resources of the EIF Trust Fund or through multilateral or bilateral donor programs in the field (as the United States does through its development assistance programs). The EIF is exclusively for LDCs, with the goal of getting the least trade-active more involved. Of the 49 LDCs, 47 have joined the EIF. The EIF is supported by 22 donors. Institutionally, the EIF is overseen by a Board of Directors, composed of donor countries, least-developed countries, and participating international organizations. The EIF Secretariat, led by an executive director, is responsible for programmatic implementation, while the EIF Trust Fund Manager is responsible for financial aspects of the program.

The United States supports the EIF primarily through complementary bilateral assistance to EIF participating countries. USAID bilateral assistance to LDC participants supports initiatives both to integrate trade into national economic and development strategies and to address high priority capacity building needs designed to accelerate integration into the global trading system.

## **2. World Trade Organization-Related U.S. Trade-Related Assistance**

International trade can play a major role in the promotion of economic growth and the alleviation of poverty. The WTO's Doha Development Agenda (DDA) recognizes that TCB can facilitate more effective integration of developing countries into the international trading system and enable them to benefit further from global trade. The United States provides leadership in promoting trade and economic growth in developing countries through a wide range of TCB activities. The United States also directly supports the WTO's trade-related technical assistance.

### **a. Global Trust Fund**

The United States supports the trade-related assistance activities of the WTO Secretariat through voluntary contributions to the DDA Global Trust Fund. With an additional contribution of \$1.2 million in 2011, total U.S. contributions to the WTO have amounted to more than \$11 million since the launch of DDA negotiations.

## **b. WTO's Aid for Trade Initiative**

The WTO's 2005 Hong Kong Declaration created a new WTO framework in which to discuss and prioritize Aid for Trade. In 2006, the Aid for Trade Task Force was created to operationalize aid for trade efforts and offer recommendations to improve the efficacy and efficiency of these efforts among WTO Members and other international organizations. The United States continues to be an active partner in the Aid for Trade discussion.

The Third Global Review of Aid for Trade was held at the WTO on July 18-19, 2011. Of particular focus was the WTO-led exercise of monitoring and evaluating the impact of Aid for Trade. This exercise involved submission of over 260 case stories by participants in Aid for Trade, including donor countries, partner countries, and multilateral development banks. Members, multilateral development banks, and others also submitted responses to the WTO's Aid for Trade questionnaires. These materials contributed to a strong takeaway message that the Aid for Trade initiative has produced results in terms of providing a political impetus for donor countries to scale up trade-related assistance and in terms of building developing countries' capacity to trade. Another area of focus at the Third Global Review was increasing private sector participation in Aid for Trade. Eric Postel, USAID Assistant Administrator for Economic Growth, Agriculture, and Trade, participated on two panels relating to the impacts of Aid for Trade and African regional integration. Following this Global Review, the WTO Secretariat worked with Members to develop an Aid for Trade Work Program for 2012-13. Under this new Work Program, Members will continue to work actively on improving the scope and effectiveness of Aid for Trade.

## **c. WTO and Trade Facilitation**

The United States has provided substantial assistance over the years in the areas of customs and trade facilitation. More recently, U.S. support for building trade and development corridors in Africa, including through the U.S. Government's Global Hunger and Food Security Initiative, is increasing. Through this assistance, the United States has supported the WTO Doha discussions by providing assistance to developing countries that seek help in responding to the regulatory proposals made by members in the Negotiating Group on Trade Facilitation. In November 2011, the United States announced the Partnership for Trade Facilitation, a new, flexible funding mechanism that will support developing countries' efforts to implement provisions of the WTO trade facilitation agreement currently under negotiation.

## **d. WTO Accession**

The United States provides technical support to countries that are in the process of acceding to the WTO. In 2011, WTO accession support was provided to several countries, including Afghanistan, Azerbaijan, Ethiopia, Iraq, Kyrgyzstan, Laos, Lebanon, and Serbia.

# **3. TCB Initiatives for Africa**

Through bilateral and multilateral channels, the United States has invested more than \$3.3 billion in trade-related projects in sub-Saharan Africa since 2001 to spur economic growth and fight poverty.

## **a. African Global Competitiveness Initiative**

The centerpiece of U.S. support for building trade capacity in Africa for the past five years was the \$200 million African Global Competitiveness Initiative (AGCI). The program expired September 30, 2010. The primary focus of AGCI was to help expand African trade and investment with the United States, with

other international trading partners, and regionally within Africa through improving the competitiveness of sub-Saharan African enterprises. AGCI's objectives were to: (1) improve the business climate for private sector-led trade and investment; (2) strengthen the knowledge and skills of sub-Saharan African private sector enterprises to take advantage of market opportunities; (3) increase access to financial services for trade and investment; and (4) facilitate investments in infrastructure.

A major focus of AGCI programs was to help African countries make the most of the trade opportunities available under the African Growth and Opportunity Act (AGOA) preference program. (*For additional information, see Chapter V.B.8.c.*) AGCI supported AGOA through programs carried out by three USAID-funded Regional Hubs for Global Competitiveness – in Botswana, Kenya, and Ghana – as well as through programs carried out by USAID bilateral missions.

Through 2010, AGCI trade and investment programs facilitated over \$178 million in AGOA exports, provided export capacity building assistance to over 234,000 firms, and trained nearly 660,000 Africans in trade capacity building. These results reflect a strategic emphasis by the U.S. Government on providing marketing assistance to African exporters at major international trade shows. Under an agreement with USAID, USDA addressed sanitary and phytosanitary issues as a part of the AGCI program, focusing specifically on the areas of food safety and plant and animal health. Additionally, the U.S. Department of Commerce's Commercial Law Development Program worked to improve protection of intellectual property rights.

#### **b. Africa Competitiveness and Trade Expansion Initiative**

In June 2011, the United States reinforced its long-standing commitment to trade capacity building in sub-Saharan Africa by announcing the new African Competitiveness and Trade Expansion (ACTE) Initiative, a successor to AGCI. This initiative will provide up to \$120 million over 4 years to improve Africa's capacity to produce and export competitive, value-added products, including those that can enter the United States duty-free under AGOA, and to address supply-side constraints that impede African trade. ACTE will continue to support the work of three regional trade hubs and will help to drive economic development in African countries, and enhance trade opportunities among Africans and Americans alike.

#### **c. Assistance to West African Cotton Producers**

Since 2005, the United States has mobilized its development agencies to help the West African countries of Benin, Burkina Faso, Chad, Mali, and Senegal to address obstacles they face in the cotton sector. The MCC, USAID, USDA, and the U.S. Trade and Development Agency continued to work with these nations as they sought to develop a coherent long-term development strategy to improve prospects in the cotton sector. Elements of such a strategy include improved productivity, domestic reforms, and other key issues. The United States will continue to coordinate with the WTO, World Bank, the African Development Bank, and others as part of the multilateral effort to address the development aspects of cotton. This includes active participation in the WTO Secretariat's periodic meetings with donors and recipient countries to discuss the development and reform aspects of cotton.

The centerpiece of U.S. assistance to the cotton sector in West Africa is USAID's West Africa Cotton Improvement Program (WACIP). The program is aimed at helping to improve the production and marketing of cotton in five countries: Benin, Burkina Faso, Chad, Mali, and Senegal. The WACIP is designed to help achieve the following objectives: (1) reduce soil degradation and expand the use of good agricultural practices; (2) strengthen private agricultural organizations; (3) establish a West African regional training program for ginners; (4) improve the quality of West African cotton through better classification of seed cotton and lint; (5) improve linkages between U.S. and West African research

organizations involved with cotton; (6) improve the enabling environment for agricultural biotechnology; and (7) assist with policy/institutional reform.

A key element of the WACIP program is the identification of specific policy priorities through National Advisory Committees. Composed of stakeholders in each country, these committees undertook work to identify the specific projects that would yield the assistance and results sought by participants and these projects have been the basis of WACIP's work. In 2010, WACIP was extended to April 2012. In December 2011, the U.S. Government announced that it would continue cotton-related trade capacity building to these four West African countries, providing up to \$16 million over 4 years subject to the outcome of the U.S. budget process.

The U.S. Government also provides complementary support to the cotton sector through other programs. MCC is implementing compacts with Benin (\$307 million), Burkina Faso (\$481 million), Mali (\$460 million), and Senegal (\$540 million).

#### **4. Free Trade Agreement Negotiations**

Although the WTO programs and the EIF are high priorities, they are only part of the U.S. TCB effort. In order to help U.S. FTA partners participate in negotiations, implement commitments, and benefit over the long-term, USTR has created TCB working groups in FTA negotiations with developing countries and Committees on TCB to prioritize and coordinate TCB activities during the transition and implementation periods once an FTA enters into force. USAID and USDA, their field missions, and a number of other U.S. Government assistance providers actively participate in these working groups and committees so that TCB needs identified can be quickly and efficiently incorporated into ongoing regional and country assistance programs. The Committees on TCB also invite non-governmental organizations, representatives from the private sector, and international institutions to join in building the trade capacity of the countries in each region. Trade capacity building is a fundamental feature of bilateral cooperation in support of the CAFTA-DR and the United States-Peru Trade Promotion Agreement. USTR also works closely with the Department of State and other agencies to track and guide the delivery of TCB assistance to Jordan, Morocco, Bahrain, and Oman.

##### **a. Dominican Republic-Central America-United States Free Trade Agreement**

The CAFTA-DR established a Committee on TCB. The CAFTA-DR was signed in 2004 and went into force for all countries except Costa Rica during 2006 and 2007, and for Costa Rica in 2009. The Committee on TCB has convened formally five times: in Guatemala City, Guatemala in February 2007; in Washington, D.C. in November 2007, October 2010, and October 2011; and in Santo Domingo, Dominican Republic in November 2008. These meetings were attended by representatives of each of the CAFTA-DR Parties and by the Inter-American Development Bank (IDB), and, as appropriate, by the Organization of American States (OAS), the Economic Commission for Latin America and the Caribbean (ECLAC), the *Organismo Internacional Regional de Sanidad Agropecuaria* (OIRSA), and by the World Bank. The meetings provided the opportunity for the Committee to review updates of recipient Parties' trade capacity building strategies and priorities, as well as the trade capacity building activities of U.S. donor agencies and the international institutions. They also provided an opportunity for in-depth discussions of particular assistance areas, such as rural development and sanitary and phytosanitary assistance.

Programs have included a range of activities aimed at streamlining customs procedures for importers and exporters, many of which directly support implementation of the FTA. Software for a virtual single window for imports was developed and/or strengthened in Nicaragua, Honduras, and El Salvador. New

rules of origin were implemented in a harmonized fashion. Implementation of risk based selection criteria has reduced the clearance time for goods. U.S. sanitary and phytosanitary TCB helped to enable farmers and small and medium-sized rural enterprises to benefit from the agreement. As a result of SPS assistance, laboratories in the region have achieved international certifications, U.S. detentions due to labeling deficiencies have dropped from 68 percent regionally to less than 10 percent, and an estimated \$135 million of increased meat, dairy and vegetable exports to the United States were generated.

#### **b. United States-Peru Trade Promotion Agreement**

The United States-Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009. Like the CAFTA-DR, the PTPA includes a provision that creates a Committee on TCB to build on work done during the negotiations by the TCB working group. The purpose of the Committee is to assist Peru in refining and implementing its national TCB strategy, as well as to foster assistance to promote economic growth, reduce poverty, and adjust to liberalized trade. The Committee met in March 2009 in Peru. Peru presented a preliminary national trade capacity building strategy to address several specific objectives relating to implementation of the PTPA, highlighting areas such as telecommunications, intellectual property and agricultural standards. USAID/Peru is working closely with its Peruvian government counterparts to ensure that activities respond directly to Peru's trade capacity needs. To that end, in December 2009, USAID and USDA, along with Peruvian government agencies and universities, began working together to strengthen Peru's agricultural sector through targeted capacity building in the areas of SPS regulatory and surveillance systems, agricultural research, and agricultural education.

Additionally, USAID launched a trade capacity building project in July of 2010 in which it will work with several Peruvian ministries and agencies to assist with the implementation of the PTPA and facilitate trade across a wide range of sectors. The first of these activities will focus, *inter alia*, on the following: implementation of the labor and intellectual property provisions; strengthening intellectual property enforcement training, patent processes and capacity to evaluate drug applications; and improving customs operations to both comply with the PTPA and facilitate trade. In addition, the United States is committed to providing support to assist Peru on implementing its obligations under the environmental provisions of the PTPA, including its obligations under the annex on forest sector governance. This support is contemplated under the United States-Peru Environmental Cooperation Agreement, an agreement concluded in conjunction with the PTPA, and involves several ongoing projects in the region.

#### **c. United States-Colombia and United States-Panama Trade Promotion Agreements**

In November 2006, the United States and Colombia signed the United States-Colombia Trade Promotion Agreement, which was approved by Congress on October 12, 2011. On June 28, 2007, the United States and Panama signed the United States-Panama Trade Promotion Agreement, which was also approved by Congress on October 12, 2011. As with the PTPA, each of these two agreements provides for the creation of a Committee on TCB to build upon the progress made by the preceding TCB working groups on economic assistance and poverty alleviation.

### **B. Public Input and Transparency**

The Obama Administration has broadened opportunities for public input and increased the transparency of trade policy through initiatives carried out by USTR's Office of Intergovernmental Affairs and Public Engagement (IAPE). IAPE works with USTR's Office of Public and Media Affairs and with regional and functional offices across the agency to ensure that timely trade information is available to the public and disseminated widely. This is accomplished in part via USTR's interactive website; a weekly e-newsletter that is available through our homepage at <http://www.ustr.gov>; online posting of *Federal*

*Register* Notices soliciting public comment and input and publicizing Trade Policy Staff Committee (TPSC) public hearings; increasing transparency regarding specific policy initiatives; managing the agency's increased outreach and engagement with small and medium-sized businesses; meetings with a broad array of domestic stakeholders including, but not limited to, agriculture groups, industry groups, labor groups, small businesses, NGOs, universities, think tanks, and state and local governments; and speeches to associations and conferences around the country regarding trade. In addition to public outreach, IAPE is responsible for administering USTR's statutory advisory committee system created by Congress under the Trade Act of 1974 as amended, as well as facilitating formal consultations with state and local governments regarding trade issues which may impact them. Each of these elements is discussed in turn below.

## **1. Public Outreach**

### **a. Website and Weekly E-Newsletter**

Launched in June 2009, the redesigned USTR website at <http://www.ustr.gov> has expanded the trade dialogue through technology, fulfilling President Obama's commitment of a government that is transparent, participatory, and collaborative.

Through the USTR blog and site pages on geographical areas, trade agreements, and key trade issues, <http://www.ustr.gov> shares updated information about USTR's efforts to support job creation by opening markets and enforcing America's rights in the rules-based global trading system.

Interactive tools on the site allow the public to participate more fully in USTR's day-to-day operations. People can share their questions through the Ask the Ambassador feature, and see the Ambassador's reply. The Share Your Stories feature, where American companies describe how engaging in the global market place helps to keep their business competitive and creates jobs here at home, serves as a venue for sharing how trade impacts and benefits daily life. The Interactive Map details Ambassador Kirk's travel at home and abroad. It shows his efforts as he visits America's trading partners to gain market access for U.S. farmers, ranchers, manufacturers, workers, and services providers.

The public is invited to sign up on USTR's homepage to receive the weekly e-mail newsletter, which highlights USTR's efforts to engage the public, open markets and enforce trade agreements around the world. This is a useful tool for small businesses and stakeholders outside Washington, D.C. to stay informed about trade policy developments and new market opportunities. Currently the USTR newsletter distribution list contains over 10,000 individual e-mail addresses. In addition, USTR's first-ever enforcement newsletter was created to spotlight the Obama Administration's vigilant trade enforcement efforts.

### **b. Federal Register Notices Seeking Public Input/Comments Now Available Online for Inspection**

Throughout 2011, USTR has issued *Federal Register* Notices online to solicit public comment and has held public hearings at USTR regarding a wide array of trade policy initiatives. Public comments received in response to *Federal Register* Notices are available for inspection online at <http://www.regulations.gov>. Some examples of trade policy initiatives for which USTR has sought public comment this year include the following:

- *Trans-Pacific Partnership (TPP) Trade Agreement*: The United States has entered into negotiations on a TPP trade agreement with the objective of shaping a high-standard, broad-based regional agreement. USTR has sought and continues to seek public comments on all

elements of the agreement in order to develop U.S. negotiating positions as well as seeking comment on including additional countries to participate in the agreement. In 2011, USTR sought public comment on the potential participation in the TPP by Canada, Mexico, and Japan.

- *Generalized System of Preferences (GSP)*: An important aspect of the GSP program is its ability to adapt, product by product, to shifting market conditions, and to address concerns of producers, workers, exporters, importers, and consumers about beneficiaries' compliance with the program's eligibility criteria. Input and advice from the public is central to this process. In November 2011, as part of the 2011 GSP Annual Review, USTR informed the public that it was prepared to receive petitions to modify the list of products that are eligible for duty-free treatment under the program and to modify the status of certain GSP beneficiary developing countries because of country practices. USTR also solicited public comment on several country practices petitions that had been accepted for formal review in 2011 and earlier years.
- *Special 301 Out of Cycle Review of Notorious Markets*: In an effort to increase public awareness and guide related trade enforcement actions, USTR published in early 2011 the notorious market list separately from the annual Special 301 report (in which it has previously been included) for the first time. The notorious markets list is a list of Internet and physical markets outside the United States that have been the subject of enforcement action or that may merit further investigation for possible IPR infringements. Later in 2011 USTR once again requested comments and submissions from the public to help update the list of potential notorious markets that exist outside the United States and, after review of all submissions, published the revised notorious markets list at the end of 2011.

### **c. Policy Initiatives to Increase Transparency**

USTR continues to take steps in specific issue areas to increase transparency and augment opportunities for public input. For example:

- *Inclusion of stakeholders at Trans-Pacific Partnership Negotiations*: USTR created opportunities for the public to attend and meet with negotiators during the Chicago round of TPP negotiations. Stakeholder briefings provided an opportunity for the public to interact with negotiators from all of the participating countries and provide presentations on various trade issues, including public health, textiles, investment, labor and the environment.
- *Transparency and the Development of the Colombia Labor Action Plan*: USTR sought and received input from a broad range of stakeholders during the development and negotiation of an Action Plan related to Labor Rights in the context of the United States-Colombia Trade Promotion Agreement. On April 7, 2011, USTR released the text of the Action Plan, and worked closely with stakeholders to promote effective implementation of the plan. Subsequently, USTR cooperated with the government of Colombia to ensure that documents related to the milestones in the Action Plan were made public in a timely manner. As a result, the Colombian government created a special website where it published numerous laws, regulations, and administrative actions related to the Plan.

### **d. Open Door Policy**

USTR officials meet frequently with a broad array of stakeholder groups representing business, labor, environment, consumers, state and local governments, NGOs, think tanks, universities, and high schools



to discuss specific trade policy issues, subject to availability and scheduling. These meetings are coordinated by IAPE and, when likely to be of broader interest, are noted in the weekly e-newsletter.

## **2. The Trade Advisory Committee System**

The trade advisory committee system, established by the U.S. Congress in 1974, operates under the auspices of IAPE. The trade advisory committee system was created to ensure that U.S. trade policy and trade negotiating objectives adequately reflect U.S. public and private sector interests. The trade advisory committee system consists of 28 advisory committees, with a total membership of approximately 700 advisors. It includes committees representing sectors of industry, agriculture, labor, environment, state, and local interests. IAPE manages the system, in cooperation with other agencies, including the Departments of Agriculture, Commerce, and Labor, and the Environmental Protection Agency.

The trade advisory committees provide information and advice on U.S. negotiating objectives, the operation of trade agreements, and other matters arising in connection with the development, implementation, and administration of U.S. trade policy.

The system is arranged in 3 tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); 5 policy advisory committees dealing with environment, labor, agriculture, Africa, and state and local issues; and 22 technical advisory committees in the areas of industry and agriculture. In 2004, the committees were streamlined and consolidated to better reflect the composition of the U.S. economy, in response to recommendations from the U.S. Government Accountability Office (GAO). Additional information on the advisory committees can be found on the USTR website at <http://www.ustr.gov/about-us/intergovernmental-affairs/advisory-committees>.

In cooperation with the other agencies served by the advisory committees, USTR has broadened the participation on committees to include a more diverse group of stakeholders, new voices, and fresh perspectives, and continues exploring ways to further expand representation while ensuring the committees remain effective. With the rechartering of many of the advisory committees, USTR has also implemented White House guidelines prohibiting registered lobbyists from serving on committees. This has created opportunities to bring an influx of new members who have continued to provide USTR with the critical and necessary advice it seeks as it creates, negotiates, and implements trade policy. This policy has also challenged USTR and the agencies that co-administer the advisory committees to think creatively and seek new resources to meet the needs of the committees.

Recommendations for candidates for committee membership are collected from a number of sources, including members of Congress, associations and organizations, publications, other Federal agencies, responses to *Federal Register* Notices, and self-nominated individuals who have demonstrated an interest in, and knowledge of, U.S. trade policy. Membership selection is based on qualifications, geography, and the needs of the specific committee to maintain a balance of the perspectives represented. Committee members are required to have a security clearance in order to serve and have access to confidential trade documents on a secure encrypted website. Committees meet regularly in Washington, D.C. to provide input and advice to USTR and other agencies. Members pay for their own travel and related expenses.

### **a. President's Advisory Committee on Trade Policy and Negotiations (ACTPN)**

The ACTPN consists of not more than 45 members who are broadly representative of the key economic sectors affected by trade. The President appoints ACTPN members to four-year terms not to exceed the duration of the charter. The ACTPN is the highest level committee in the system that examines U.S. trade policy and agreements from the broad context of the overall national interest.

Members of ACTPN are appointed to represent a variety of interests including non-Federal Governments, labor, industry, agriculture, small business, service industries, retailers, and consumer interests. A current roster of members and the interests they represent is available on the USTR website.

#### **b. Policy Advisory Committees**

Members of the five policy advisory committees are appointed by USTR or in conjunction with other Cabinet officers. The Intergovernmental Policy Advisory Committee (IGPAC) and the Trade Advisory Committee for Africa (TACA) are appointed and managed solely by USTR. Those policy advisory committees managed jointly with the Departments of Agriculture, Labor, and the Environmental Protection Agency are, respectively, the Agricultural Policy Advisory Committee (APAC), Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC), and the Trade and Environment Policy Advisory Committee (TEPAC). Each committee provides advice based upon the perspective of its specific area and its members are chosen to represent the diversity of interests in those areas. A list of all the members of the Committees and the diverse interests they represent is available on the USTR website.

##### *APAC:*

The Secretary of Agriculture and the U.S. Trade Representative appoint members jointly. APAC members are appointed to represent a broad spectrum of agricultural interests including the interests of farmers, processors, renderers, and retailers from diverse sectors of agriculture, including fruits and vegetables, livestock, dairy, and wine. Members serve at the discretion of the Secretary of Agriculture and the U.S. Trade Representative. The Committee consists of approximately 35 members.

##### *IGPAC:*

The IGPAC consists of approximately 35 members appointed from, and representative of, the various States and other non-Federal Governmental entities within the jurisdiction of the United States. These entities include, but are not limited to, the executive and legislative branches of state, county, and municipal governments. Members may hold elective or appointive office. Members are appointed by and serve at the discretion of the U.S. Trade Representative.

##### *LAC:*

The LAC consists of not more than 30 members from the U.S. labor community, appointed by the U.S. Trade Representative and the Secretary of Labor, acting jointly. Members represent unions from all sectors of the economy. Members are appointed by, and serve at the discretion of, the Secretary of Labor and the U.S. Trade Representative.

##### *TACA:*

TACA consists of not more than 30 members, including, but not limited to, representatives from industry, labor, investment, agriculture, services, non-profit development organizations, and other interests. The members of the Committee are appointed to be broadly representative of key sectors and groups with an interest in trade and development in sub-Saharan Africa, including non-profit organizations, producers, and retailers. Members of the committee are appointed by and serve at the discretion of the U.S. Trade Representative.

### *TEPAC:*

TEPAC consists of not more than 35 members, including, but not limited to, representatives from environmental interest groups, industry (including the environmental technology and environmental services industries), agriculture, services, non-Federal Governments, and other interests. The Committee is designed to be broadly representative of key sectors and groups of the economy with an interest in trade and environmental policy issues. Members of the Committee are appointed by and serve at the discretion of the U.S. Trade Representative.

### **c. Technical and Sectoral Committees**

The 22 technical and sectoral advisory committees are organized into 2 areas: agriculture and industry. Representatives are appointed jointly by the U.S. Trade Representative and the Secretaries of Agriculture and Commerce, respectively. Each sectoral or technical committee represents a specific sector, commodity group, or functional area and provides specific technical advice concerning the effect that trade policy decisions may have on its sector or issue.

#### *Agricultural Technical Advisory Committees (ATACs):*

There are six ATACs, focusing on the following products: Animals and Animal Products; Fruits and Vegetables; Grains, Feed, and Oilseeds; Processed Foods; Sweeteners and Sweetener Products; and Tobacco, Cotton, Peanuts, and Planting Seeds. Members of each Committee are appointed by and serve at the pleasure of the Secretary of Agriculture and the U.S. Trade Representative. Members must represent a U.S. entity with an interest in agricultural trade and should have expertise and knowledge of agricultural trade as it relates to policy and commodity-specific products. In appointing members to the committees, balance is achieved and maintained by assuring that the members appointed represent industries and other entities across the range of interests which will be directly affected by the trade policies of concern to the committee (for example, farm producers, farm and commodity organizations, processors, traders, and consumers). Geographical balance on each committee will also be sought. A list of all the members of the committees and the diverse interests they represent is available on the USTR website.

#### *Industry Trade Advisory Committees (ITACs):*

There are 16 industry trade advisory committees (ITACs). These committees are: Aerospace Equipment (ITAC 1); Automotive Equipment and Capital Goods (ITAC 2); Chemicals, Pharmaceuticals, Health/Science Products and Services (ITAC 3); Consumer Goods (ITAC 4); Distribution Services (ITAC 5); Energy and Energy Services (ITAC 6); Forest Products (ITAC 7); Information and Communication Technologies Services and Electronic Commerce (ITAC 8); Non-Ferrous Metals and Building Materials (ITAC 9); Services and Finance Industries (ITAC 10); Small and Minority Business (ITAC 11); Steel (ITAC 12); Textiles and Clothing (ITAC 13); Customs Matters and Trade Facilitation (ITAC 14); Intellectual Property Rights (ITAC 15); Standards and Technical Trade Barriers (ITAC 16).

The ITAC Committee of Chairs was established to coordinate the work of the 16 ITAC committees and advise the Secretary of Commerce and the U.S. Trade Representative concerning the trade matters of common interest to the 16 ITACs. Members of this committee are the elected chairs from each of the 16 ITACs.

Members of the ITACs are appointed jointly by the Secretary of Commerce and the U.S. Trade Representative and serve at their discretion. Committee members should have knowledge and experience in their industry and represent a U.S. entity that has an interest in trade matters related to the sectors or

subject matters of concern to the individual committees. In appointing members to the Committees, balance is achieved and maintained by assuring that the members appointed represent industries and other U.S. entities across the range of interests in that sector, commodity group, or functional area which will be directly affected by the trade policies of concern to the Committee. A list of all the members of the Committees and the diverse interests they represent is available on the USTR website (committees include exporters, importers, producers, and both small and large businesses).

### **3. State and Local Government Relations**

USTR maintains consultative procedures between Federal trade officials and state and local governments. USTR's Office of IAPE is designated as the "coordinator for state matters" and informs the states, on an ongoing basis, of trade-related matters that directly relate to, or that may have a direct effect on, them. U.S. territories may also participate in this process. IAPE also serves as a liaison point in the Executive Branch for state and local government and Federal agencies to transmit information to interested state and local governments, and relay advice and information from the states on trade-related matters. This is accomplished through a number of mechanisms, detailed below.

#### **a. State Point of Contact System and IGPAC**

For day-to-day communications, pursuant to the NAFTA and Uruguay Round implementing legislation and Statements of Administrative Action, USTR created a State Single Point of Contact (SPOC) system. The Governor's office in each state designates a single contact point to disseminate information received from USTR to relevant state and local offices and assist in relaying specific information and advice from the states to USTR on trade-related matters.

The SPOC network ensures that state governments are promptly informed of Administration trade initiatives so their companies and workers may take full advantage of increased foreign market access and reduced trade barriers. It also enables USTR to consult with states and localities directly on trade matters which may affect them. SPOCs regularly receive USTR press releases, *Federal Register* Notices, and other pertinent information. USTR convenes a regular monthly conference call for SPOCs and members of the Intergovernmental Policy Advisory Committee to keep state and local governments apprised of timely trade developments of interest.

IGPAC makes recommendations to USTR and the Administration on trade policy matters from the perspective of state and local governments. In 2011, IGPAC was briefed and consulted on trade priorities of interest to states and localities, including: Efforts to Pass Pending Trade Agreements with Colombia, Panama and South Korea; the Trans-Pacific Partnership; Russia's Accession to the WTO; Activities Related to the United States year-long hosting of meetings for the Asia Pacific Economic Cooperation (APEC) forum; the National Export Initiative; and other matters. IGPAC members are also invited to participate in monthly teleconference call briefings along with State Points of Contact. Specific issues of interest to IGPAC and SPOCs include new enforcement mechanisms for Technical Barriers to Trade and Sanitary and Phytosanitary measures, and foreign government challenges to state subsidies.

#### **b. Meetings of State and Local Associations and Local Chambers of Commerce**

USTR officials participate frequently in meetings of state and local government associations and local chambers of commerce to apprise them of relevant trade policy issues and solicit their views. For example, in June 2011, Ambassador Ron Kirk addressed the U.S. Conference of Mayors in Baltimore, Maryland. He has met with individual governors, mayors, and state legislators to discuss trade issues of interest to states and localities, as well as hosted the Intergovernmental Policy Advisory Committee at

USTR. Ambassador Kirk has also met with major local chambers of commerce to hear firsthand from local community officials and small businesses. USTR staff has met with the National Governors' Association, regional governors' associations, councils of state governments/state international development organizations, National Conference of State Legislatures, and other state commissions and organizations. USTR officials have addressed gatherings of state and local officials and port authorities as well as chambers of commerce around the country.

### **c. Consultations Regarding Specific Trade Issues**

USTR initiates consultations with particular states and localities on issues arising under the WTO and other U.S. trade agreements and frequently responds to requests for information from state and local governments. Topics of interest included the pending trade agreements with Colombia, Panama, and South Korea, negotiation of the Trans Pacific Partnership trade agreement, the application of the WTO Government Procurement Agreement, General Agreement on Trade in Services issues, enforcement of trade agreements, the NAFTA trucking issues, and consultations with individual states regarding specific anti-dumping and countervailing duty investigations.

## **C. Policy Coordination and Freedom of Information Act**

The U.S. Trade Representative has primary responsibility, with the advice of the interagency trade policy organization, for developing and coordinating the implementation of U.S. trade policy, including on commodity matters (for example, coffee and rubber) and, to the extent they are related to trade, direct investment matters. Under the Trade Expansion Act of 1962, Congress 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 that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first-line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 80 subcommittees responsible for specialized issues. The TPSC regularly seeks advice from the public on its policy decisions and negotiations through *Federal Register* Notices and public hearings. In 2011, the TPSC held public hearings on China's Compliance with its WTO Commitments (October 2011).

Through the interagency process, USTR requests input and analysis from members of the appropriate TPSC subcommittee or task force. The conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are referred to the TPRG (Deputy USTR/Under Secretary level) or to the Deputies Committee of the National Security Council/National Economic Council. Issues of the greatest importance move to the Principals Committee of the NSC/NEC for resolution by the Cabinet, with or without the President in attendance.

Member agencies of the TPSC and the TPRG consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, Health and Human Services, Homeland Security, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the Council on Environmental Quality, the International Development Cooperation Agency, the National Economic Council, and the National Security Council. The U.S. International Trade Commission is a non-voting member of the TPSC and an observer at TPRG meetings.

Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed. The Small Business Administration joined the TPSC/TPRG as a full member in March 2010.

Separate from its policy coordination function, the Office of the U.S. Trade Representative is subject to The Freedom of Information Act (FOIA). Details of the program are available on the USTR website at <http://www.ustr.gov/about-us/reading-room/freedom-information-act-foia>. USTR received 59 new FOIA requests last year and processed 58. USTR will continue to raise the bar as to responsiveness, efficiency, and transparency in the coming year.