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# VII. Trade Policy Development

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## A. Congressional Affairs

In 2000, USTR worked with the 106<sup>th</sup> Congress in a spirit of bipartisan cooperation and consultation established in previous years on a wide range of important trade issues.

Last year, the Congress approved a number of pieces of Administration supported trade legislation. The Congress enacted the Trade Development Act of 2000. This legislation incorporated the Africa Growth and Opportunity Act (AGOA) and Caribbean Basin Enhancement Act. The Congress also enacted legislation to provide China with permanent normal trade relations upon its accession to the WTO. Congress reauthorized the GSP and TAA programs through September 30, 2001. Congress also rejected the disapproval resolution of extension of NTR status to China and a disapproval resolution of an extension of waiver authority for trade with Vietnam. Finally, the House of Representatives defeated a resolution removing Congressional approval to continued U.S. participation in the WTO.

USTR continued to consult closely with Congress through a series of briefings and consultations with Members of Congress and staff from over a dozen Congressional Committees and offices on a myriad of issues. USTR officials testified before numerous House and Senate Committees on issues such as, U.S.-China trade, U.S.-Vietnam trade, telecommunications, intellectual property, e-commerce and high-tech issues, services, and agriculture.

Consultations and briefings were undertaken on all of the above issues as well as on the U.S.-Jordan Free Trade Agreement; implementation of the Africa Growth and Opportunity Act; implementation of the Caribbean Basin Enhancement Act; the status of China's accession to the WTO; steel issues; WTO disputes including, beef hormones, bananas and FSC; accessions to the WTO; the Subsidies Agreement in the WTO; the General Agreement on Trade in Services; Global Electronic Commerce; Canadian trade issues, including the softwood lumber agreement and wheat exports; intellectual property rights including issues regarding availability of pharmaceuticals for fighting AIDS, specifically Executive Order 13141; and issues involving trade and labor and trade and the environment.

The Office of Congressional Affairs continued to respond in a timely manner to all requests for information from Congressional offices and Committees. In addition, Congressional Affairs transmitted statutorily required reports to Congress on a timely basis. Congressional Affairs also continued to provide trade-related briefing materials for foreign trips by Congressional delegations. USTR looks forward to maintaining and improving its close working relationship with Congress in 2001.

## B. Private Sector Advisory System and Intergovernmental Affairs

USTR's Office of Intergovernmental Affairs and Public Liaison (IAPL) administers the federal trade advisory committee system and provides outreach to and facilitates dialogue with state and

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local governments, the business and agricultural communities, labor, environmental, consumer, and other domestic groups on trade policy issues.

First, the advisory committee system, established by the U.S. Congress in 1974, falls under the auspices of IAPL. The advisory committee system was created to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. The advisory committee system consists of 33 advisory committees, with a total membership of up to 1,000 advisors. It is managed by IAPL, often in cooperation with other agencies including the Departments of Agriculture, Commerce, Defense, and Labor, and the Environmental Protection Agency.

Second, IAPL also has been designated as the NAFTA and WTO State Coordinator. As such, the office serves as the liaison to all state and local governments on the implementation of the NAFTA and the WTO, and other trade issues of interest.

Finally, IAPL also coordinates USTR's outreach to the public and private sector through notification of USTR Federal Register Notices soliciting written comments from the public, consulting with and briefing interested constituencies, holding public hearings, and meeting frequently with a broad spectrum of groups at their request.

### **1. The Advisory Committee System**

The advisory committees provide information and advice with respect to U.S. negotiating objectives and bargaining positions before entering into trade agreements, on the operation of any trade agreement once entered into, and on other matters arising in connection with the development, implementation, and administration of U.S. trade policy.

The system consists of 33 advisory committees, with a total membership of up to 1,000 advisors.

(Currently, there are approximately 700 advisors.) Recommendations for candidates for committee membership are collected from a number of sources including Members of Congress, associations and organizations, publications, other federal agencies, and individuals who have demonstrated an interest or expertise in U.S. trade policy. Membership selection is based on qualifications, geography, and the needs of the specific committee. Members pay for their own travel and other related expenses.

The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); six policy advisory committees; and 26 technical, sectoral, and functional advisory committees. Additional information can be found on the USTR website (<http://www.ustr.gov/outreach/advise.shtml>).

Private sector advice is both a critical and integral part of the trade policy process. USTR already maintains an ongoing dialogue with interested private sector parties on trade agenda issues. The advisory committee system is unique, however, since the committees meet on a regular basis, and receive sensitive information about ongoing trade negotiations and other trade policy issues and developments. Committee members require a security clearance.

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

The President's Advisory Committee for Trade Policy and Negotiations (ACTPN) consists of no more than 45 members broadly representative of key economic sectors affected by trade. The President appoints ACTPN members for two-year renewable terms. The 1974 Trade Act requires that membership broadly represent key economic sectors affected by trade. The ACTPN is the highest tier committee in the system that examines U.S. trade policy and agreements from the broad context of the overall national interest.

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## **b. Policy Advisory Committees**

At the second tier, the members of the six policy advisory committees are appointed by the USTR alone or in conjunction with other Cabinet officers. Those managed solely by USTR are the Intergovernmental Policy Advisory Committee (IGPAC) and the Trade Advisory Committee on Africa (TACA). Those policy advisory committees managed jointly with the Departments of Agriculture, Labor, Defense and the Environmental Protection Agency are, respectively, the Agricultural Policy Advisory Committee (APAC), Labor Advisory Committee (LAC), Defense Policy Advisory Committee (DPACT), and Trade and Environment Policy Advisory Committee (TEPAC). Members serve two-year renewable terms or until the committee's charter expires. Each committee provides advice based upon the perspective of its specific area.

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

At the third tier, the 26 sectoral, functional, and technical advisory committees are organized in two areas: industry and agriculture. Representatives are appointed jointly by the USTR and the Secretaries of Commerce and Agriculture, respectively. Each sectoral or technical committee represents a specific sector or commodity group (such as textiles, or grains and oilseeds) and provides specific technical advice concerning the effect that trade policy decisions may have on its sector. Presently, there are five agricultural technical committees co-chaired by USTR and Agriculture. There are 17 industry sectors committees co-chaired by USTR and Commerce. The four functional advisory committees, co-chaired by USTR and Commerce, provide cross-sectoral advice on customs, standards, intellectual property issues, and electronic commerce.

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

With the passage of the NAFTA in 1993, and the Uruguay Round Agreements Act in 1994, which implements WTO obligations in the United States, the United States created expanded consultative procedures between federal trade officials and state and local governments. Under both agreements, USTR's Office of IAPL is designated as the "Coordinator for State Matters." IAPL carries out the functions of informing the states on an ongoing basis of trade-related matters that directly relate to or that may have a direct effect on them. IAPL also serves as a liaison point in the Executive Branch for state and local governments 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:

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

For day-to-day communications, USTR created a State Single Point of Contact (SPOC) system. The Governor's office in each State designates a single contact 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 affect them. SPOCs regularly receive USTR press releases, Federal Register notices, and other pertinent information.

### **b. Intergovernmental Policy Advisory Committee**

For advice from states and localities on trade policy matters, USTR has established an Intergovernmental Policy Advisory Committee on Trade (IGPAC). It is one of the 33 federal trade advisory committees discussed above. The

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IGPAC is comprised entirely of state and local officials. Appointed on a bipartisan basis, the committee makes recommendations to the Trade Representative and the Administration on trade policy matters. IGPAC's membership includes governors, mayors, state legislators, attorneys general, state regulators, and county officials. In 2000, the IGPAC was briefed and consulted on top trade agenda priorities, including China's WTO accession and Permanent Normal Trade Relations (PNTR), the Africa Growth and Opportunity Act and Caribbean Basin Initiative, the WTO built-in agenda, the US-Vietnam bilateral trade agreement, the U.S.-Jordan FTA, the Executive Order on Environmental Reviews of Trade Agreements, and other pertinent issues.

#### **c. Meetings of State and Local Associations**

USTR officials participate frequently in meetings of state and local government associations to apprise them of relevant trade policy issues and solicit their views. Associations include the National Governors' Association (NGA), Western Governors' Association (WGA), National Conference of State Legislatures (NCSL), Council of State Governments (CSG), National Association of Counties (NACo), U.S. Conference of Mayors (USCM), the National Conference of Black Mayors (NCBM), National League of Cities (NLC), and other associations. In 2000, USTR addressed plenary sessions of the NGA, NACo, NCSL, and USCM regarding the Administration's top trade priorities.

There is significant support among state and local officials for market-opening initiatives. This past year, resolutions endorsing Permanent Normal Trade Relations (PNTR) with China in order to open the Chinese market to U.S. goods and services were passed by WGA, USCM, CSG, and NCBM. Furthermore, 47 governors endorsed the passage of China PNTR.

USTR also addressed various conferences at the request of state and local officials, including the Alabama International Trade Conference 2000

and the California-Mexico Summit of Mayors.

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

USTR initiates consultations with particular states and localities on issues arising under the WTO and NAFTA agreements, and frequently responds to requests for information from state and local governments. Topics of interest included China Permanent Normal Trade Relations, ongoing implementation of the WTO Government Procurement Agreement, WTO services issues, NAFTA investment issues, NAFTA transportation issues, and agricultural trade with Canada.

### **3. Public and Private Sector Outreach**

It is important to recognize that the advisory committee system is but one of a variety of mechanisms through which the Administration obtains advice from interested groups and organizations on the development of U.S. trade policy. In formulating specific U.S. objectives in major trade negotiations, USTR also routinely solicits written comments from the public via Federal Register notices, consults with and briefs interested constituencies, holds public hearings, and meets with a broad spectrum of private sector and non-governmental groups.

#### **2000 Outreach Efforts**

The 2000 trade agenda provided many opportunities for USTR to conduct outreach to, and consultations with, diverse trade policy stakeholders including the advisory committees, state and local governments, private sector and non-governmental groups.

#### **1. World Trade Organization**

Throughout 2000, USTR and the Administration worked very closely with business and agricultural communities, environmental, consumer, and labor organizations, as well as

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other non-governmental organizations on the policy agenda in preparation for and negotiation of the WTO agriculture and services negotiations. IAPL assisted with outreach to, and consultations with the advisory committees, state and local governments, and numerous public groups.

## **2. Free Trade Area of the Americas**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the FTAA agenda and strategy as the negotiators were preparing the first set of draft texts to be presented to the ministers at the April 2001 Ministerial. USTR also briefed advisors and the public regarding the ongoing environmental review of the negotiations.

## **3. The Asia Pacific Economic Cooperation Forum**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the APEC agenda, issues, and strategy.

## **4. China Permanent Normal Trade Relations**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the U.S.-China bilateral agreement on China's accession to the WTO negotiated at the end of 1999, on China's multilateral WTO accession negotiations, and the legislation granting permanent Normal Trade Relation (NTR) status for China.

## **5. U.S.-Jordan Free Trade Area Agreement**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the U.S.-Jordan Free Trade Area Agreement which concluded on October 24, 2000. USTR also briefed advisors and the public regarding the environmental review of the agreement.

## **6. U.S.-Singapore/U.S.-Chile Free Trade Area Agreement Negotiations**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the negotiations underway to conclude free trade area agreements with Singapore and Chile. USTR also briefed advisors and the public regarding the ongoing environmental reviews of the agreements.

## **7. Guidelines Implementing the Executive Order on Environmental Reviews of Trade Agreements**

USTR briefed and facilitated consultations with advisory committees and other stakeholders on the final guidelines for implementing Executive Order 13141 – Environmental Reviews of Trade Agreements. The draft guidelines implementing the Executive Order were published in July 2000, a public hearing was held in August, and the final Guidelines were published in December after receiving and considering public input on the draft guidelines.

## **8. Review of the Trade Policy Advisory Committee System**

In January 2000, the Administration announced an initiative to solicit views from the public on ways to enhance the effectiveness of Administration efforts to obtain advice from environmental, consumer, and other non-governmental groups on important trade policy matters. As part of that initiative, on April 11, 2000, USTR and Commerce published a Federal Register notice seeking comments from the public on changes to the trade advisory committee system that would help to ensure that the Administration obtains timely, relevant trade policy advice from all interested parties.

In addition to the Federal Register notice, the Administration invited the Senate Finance and House Ways and Means committees to consider whether any legislative changes in the trade

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advisory committee system may be warranted. The Administration also requested all current trade policy advisory committee members to provide their views on this subject as well.

During 2000, the Administration received a number of comments from Members of Congress, trade advisory committee members, and the public. The Administration's recommendations to improve the functioning of the trade policy advisory committee system are posted on USTR's website.

## **9. Public Trade Education**

USTR continues its efforts to promote and educate the public on trade issues. USTR's internet homepage serves as a vehicle to communicate to the public. During 2000, IAPL assisted in efforts to extensively revise the website, adding expanded information on each of the trade advisory committees, state-by-state export information and links of interest to states and localities. The USTR internet address is <http://www.ustr.gov>.

### **C. Policy Coordination**

By law, USTR plays the leading role in the development of policy on trade and trade-related investment. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees 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 60 subcommittees responsible for specialized areas and several task forces that work on particular issues.

Through the interagency process, USTR assigns responsibilities for issue analysis to members of the appropriate TPSC subcommittee or task force. 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 taken up by the TPRG (Deputy USTR/Under Secretary level).

Member agencies of the TPRG and the TPSC consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, and Health and Human Services, 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 United States 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.

In the previous Administration, the final tier of the interagency trade policy mechanism was the National Economic Council. Chaired by the President, the NEC was composed of the Vice President, the Secretaries of State, the Treasury, Agriculture, Commerce, Labor, Housing and Urban Development, Transportation, and Energy, the Administrator of the Environmental Protection Agency, the Chair of the Council of Economic Advisers, the Director of the Office of Management and Budget, the United States Trade Representative, the National Security Advisor, and the Assistants to the President for

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Economic Policy, Domestic Policy, and Science and Technology Policy. All executive departments and agencies, whether or not represented on the NEC, coordinated economic policy through the NEC.

The NEC Deputies Committee considered decision memoranda from the TPRG, as well as particularly important or controversial trade-related issues. Trade-related issues that raised important national security concerns also were taken up in the Deputies Committee of the National Security Council.

During the interagency review stage, advice is generally sought from the private sector advisory committees and from Congress. Also, while virtually all issues are developed and formulated through the interagency process, USTR advice, in some cases, may differ from that of the interagency committees.

As policy decisions are made, USTR assumes responsibility for directing the implementation of those decisions. Where desirable or appropriate, USTR may delegate the responsibility for implementation to other agencies.

During 2000, USTR conducted internal meetings to examine interagency coordination at the Trade

Policy Staff Sub-Committee and TPSC levels. A wider set of interagency meetings was held to try and determine what procedures would ensure full participation of environment agencies and environmental components of agencies in the policy-making process.