

April 19, 2004

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Zoellick:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Industry Sector Advisory Committee on Consumer Goods (ISAC-4) on the US-Dominican Republic Free Trade Agreement, reflecting consensus advisory opinion on the proposed Agreement.

Sincerely,

A handwritten signature in black ink that reads "Donald M. Nelson". The signature is written in a cursive style with a large initial "D" and "N".

Donald M. Nelson
Chair, ISAC-4

The U.S.- Dominican Republic Free Trade Agreement (FTA)

Report of the
Industry Sector Advisory Committee on Consumer Goods (ISAC-4)

April 2004

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Industry Sector Advisory Committee on Consumer Goods (ISAC-4)

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the US- Dominican Republic Free Trade Agreement

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135 (e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, ISAC-4 hereby submits the following report.

II. Executive Summary of Committee Report

ISAC-4 members endorse the U.S.- Dominican Republic FTA's comprehensive nature. We believe the agreement will deliver important benefits to consumer goods firms in terms of market access, regulatory transparency, and customs procedures. Further, we generally support provisions on intellectual property and investment.

III. Brief Description of the Mandate of ISAC-4

The Committee advises the Secretary of Commerce and the USTR concerning the trade matters referred to in Sections 101, 102, and 124 of the Trade Act of 1974, as amended; with respect to the operation of any trade agreement once entered into; and with respect to other matters arising in connection with the development, implementation, and administration of the trade policy of the United States including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order 12188, and the priorities for actions thereunder.

In particular, the committee provides detailed policy and technical advice, information, and recommendations to the Secretary and the USTR regarding trade barriers and implementation of trade agreements negotiated under Sections 101 or 102 of the Trade Act of 1974, as amended, and Sections 1102 and 1103 of the 1988 Trade Act, which affect the products of its sector; and performs such other advisory functions relevant to U.S. trade policy as may be requested by the Secretary and the USTR or their designees.

IV. Negotiating Objectives and Priorities of ISAC-4

“Consumer Goods” covers a wide array of products, including: sporting goods, furniture, appliances, toys, processed foods and beverages, jewelry, household utensils, motorcycles, cleaning products, and power equipment. Consequently, the primary objective for the U.S.-Dominican Republic Free Trade Agreement was that of comprehensiveness. ISAC-4 members take particular interest in the following seven aspects of the agreement: market access for industrial goods; market access for agricultural goods; intellectual property; investment; customs procedures; regulatory transparency; and services. Since several of these provisions are identical to those in the U.S.-Central America FTA, we will comment only on three aspects of this FTA: market access for goods; market access for agricultural products; and services, especially dealer protection.

V. Advisory Committee Opinion on Agreement

ISAC-4 members endorse the comprehensive nature of the U.S.- Dominican Republic FTA, and believe its terms represent an advance in many aspects: Specifically:

a. Market Access for Industrial Goods – Most of the goods manufactured by ISAC-4 members are classified as industrial products. Market access terms affect both intermediate and finished goods. We endorse the accelerated tariff phase-out schedules on most industrial goods, noting that on a trade-weighted basis over 80% of U.S. exports of industrial and consumer goods will become duty-free upon entry into force, with remaining tariffs phased out over ten years. We are, though, disappointed that the import duties on jewelry are included in that ten-year category. A much more accelerated phase out would be appropriate to allow the U.S. industry to compete in the Dominican market on the same basis as Dominican products entering the United States.

b. Market Access for Agricultural Products – ISAC-4 includes a number of processed food manufacturers, as well as wine and spirits producers. Further, a number of important industrial products used in the production of consumer goods (like natural alcohols) are classified as agricultural goods. We commend negotiators for improving market access for processed foods, many of which will become free of duty upon implementation of the FTA. We note with interest the renewed commitment on resolving sanitary and phytosanitary (SPS) issues. For SPS, we would advise that this commitment be implemented through a stronger consultation mechanism. The Committee is also pleased that the Dominican Republic has agreed to recognize Bourbon and Tennessee Whiskey as distinctive products of the United States.

c. Services- Dealer Protection – The members especially appreciate commitments by the Dominican Republic in Annex 11.13, which prospectively exempts contracts between U.S. firms

and local distributors from the onerous provisions of Law 173. This is an important step toward freedom to contract, and will help promote efficient distribution. Importantly, Annex 11.13 also helps conform existing distributor arrangements to general contract law. ISAC-4 members welcome these innovative provisions.

VI. Membership of Committee

See Attachment I.

Attachment I

Don Nelson, Altria Corporate Services, Inc., ISAC 4 Chairman
Timothy Hoelter, Harley-Davidson Motor Company, Vice Chairman
Russell Batson, American Furniture Manufacturers Association
Phillip Brandl, National Housewares Manufacturers Association
Thomas Catania, Whirlpool Corporation
Tom Cove, Sporting Goods Manufacturers Association
Robert Fay, Incredible Technologies, Inc.
Charles Husick, Vernal Air System
Steven Jacober, School, Home, and Office Products Association
Deborah Lamb, Distilled Spirits Council of the United States
Larry Lasoff, representing the Outdoor Power Equipment Institute, Inc.
Justin LeBlanc, National Fisheries Institute
Barry Levy, representing the Toy Manufacturers Association of America
James Marquart, Manufacturing Jewelers & Suppliers of America, Inc.
Patrick McDonough, representing Libbey, Inc.
Joseph McGuire, Association of Home Appliance Manufacturers
Scott Miller, The Procter & Gamble Company
Barclay Resler, Coca Cola Company
Michael Rudowicz, American Amusement Machine Association
Hugh Rushing, Cookware Manufacturers Association
E. Peter Rutledge, representing Brown-Forman Beverages Worldwide
Norman Sharp, Cigar Association of America, Inc.
Thomas St. Maxens, representing Mattel, Inc.
Catherine Suttmeier, Oneida Ltd.
John Thompson, Hall China Company
Deborah Wiley, John Wiley and Sons, Inc.