I. THE PRESIDENT'S TRADE AGENDA

Advancing Trade to Support American Jobs

Under President Obama's leadership, the United States' trade policy supports American jobs by opening markets and creating opportunities for U.S. farmers, ranchers, manufacturers, and service providers to export more "Made in America" products to customers around the world. The Obama Administration rigorously enforces U.S. trade rights, insisting that countries fulfill their commitments and act according to the rules prescribed under our agreements. We work to strengthen the rules-based international trading system, to build better markets for U.S. exports, and to share the benefits of trade more broadly. These efforts are bringing U.S. trade policy into greater balance with the concerns and aspirations of the American people, attracting and maintaining the jobs and industries of the 21st century here on our shores.

On behalf of American businesses, workers, farmers, and families, in 2011 we secured congressional approval of market-opening trade agreements with Korea, Colombia, and Panama, renewal of trade preference programs that benefit U.S. businesses and consumers through cost savings on goods from developing countries, and the strengthening of Trade Adjustment Assistance to support American workers and farmers transitioning to new jobs. We won World Trade Organization (WTO) rulings against more than $18 billion in European Union (EU) subsidies for Airbus – the largest case heard by the WTO to date – and worked to hold China accountable for its trade commitments, including by bringing a new WTO dispute against Chinese antidumping duties on chicken broiler products. We achieved the broad outlines of an ambitious Trans-Pacific Partnership (TPP) agreement that will tackle 21st century trade issues while further opening Asia-Pacific markets to American producers of goods and services. We also hosted a watershed year in the Asia-Pacific Economic Cooperation (APEC) forum, securing concrete commitments from 20 other Asia-Pacific economies that will advance our trade and investment interests and support jobs for workers in the United States and around the Pacific Rim. We engaged with Russia and other WTO Members to conclude 18 years of accession negotiations and invite Russia, the largest country still outside the rules-based WTO system, to join the WTO. We launched the U.S.-EU High-Level Working Group on Jobs and Growth (HLWG), an avenue for identifying new ways of strengthening our economic relationship with Europe. With trading partners in the Middle East and Africa we began building new bilateral and regional approaches to promoting additional economic growth through the removal of barriers to regional trade and investment. These successes and others advanced the goals of the President's National Export Initiative (NEI) and enabled additional job-supporting two-way trade.

President Obama is determined to ensure that trade continues to contribute to the creation of better jobs for more Americans. Speaking at the APEC 2011 Economic Leaders' Summit in Honolulu, President Obama said: "the single greatest challenge for the United States right now, and my highest priority as President, is creating jobs and putting Americans back to work. And one of the best ways to do that is to increase our trade and exports with other nations. Ninety-five percent of the world's consumers are beyond our borders. I want them to be buying goods with three words stamped on them: 'Made in America.' So I have been doing everything I can to make sure that the United States is competing aggressively for the jobs and the markets of the future."

The President's Trade Policy Agenda for 2012 offers a survey of how the Administration will continue to support American jobs through exports and two-way trade, through enforcement of U.S. rights in a strong, rules-based trading system, and through bolstered international trade relationships. It outlines how we will partner with developing countries to fight poverty and expand opportunity, and how we will reflect and uphold American values in trade policy. The complex challenges facing the American economy, including U.S. businesses and workers, will demand our highest ambition and our most creative ideas to help Americans compete and win through trade.

Our Trade Policy Priorities

I. Sustain American Economic Growth through Expansion of Job-Supporting U.S. Exports

U.S. businesses and families clearly benefit from two-way trade that supports American jobs. In 2010 – the latest year for which data is available – every $1 billion in U.S. goods exports supported more than an estimated 6,000 American jobs, and every $1 billion of U.S. services exports supported more than an estimated 4,500 American jobs. Agricultural exports supported an estimated nearly one million American jobs on and off the farm. Export-supported jobs are the jobs Americans want and need: those supported by U.S. exports of goods pay an estimated 13 to 18 percent more than the national average. And U.S. service providers are competing globally in sectors from education to engineering to energy and environmental services, just to name a few. The United States is also a leader in its participation in global supply chains; more than half of U.S. imports provide inputs to value-added U.S. production, which employs millions of Americans.

In 2012, the Obama Administration will continue to focus on increasing American exports and ensuring that trade contributes to job-supporting economic growth as U.S. companies, workers, farmers, and ranchers create, grow, manufacture, and provide more products that the rest of the world wants to buy.

Advance President Obama's National Export Initiative

Two years after President Obama launched the National Export Initiative (NEI) in his 2010 State of the Union Address, this Administration-wide effort to double exports by the end of 2014 is succeeding. In 2011, overall U.S. goods and services exports exceeded $2.1 trillion, which represents a 33.5 percent increase over 2009. Export gains were reflected across all major sectors in 2011: services exports were up 19.7 percent over 2009; manufacturing exports were up 33.4 percent; and agricultural exports were up 38.6 percent. Overall U.S. exports of goods and services have increased at an annualized rate of 15.6 percent when compared to 2009 – a pace greater than the 15 percent required annually to meet the President's goal. Such strong results are particularly significant considering that the U.S. economy and global markets faced substantial economic headwinds last year.

In 2012, the Administration will actively pursue market-opening measures that continue to advance the NEI. We will continue to implement the 70 NEI recommendations outlined by the Export Promotion Cabinet in its September 2010 NEI Report to the President. Our ongoing interagency NEI implementation work is focused on: 1) improving trade advocacy and export promotion efforts; 2) increasing access to credit, especially for small and medium-sized businesses; 3) removing barriers to the sale of U.S. goods and services abroad; 4) robustly enforcing trade rules; and 5) pursuing policies at the global level to promote strong, sustainable, and balanced growth. Building upon the comprehensive interagency National Export Strategy to Congress delivered by the Cabinet in June 2011, the Administration will report later in 2012 on the full array of NEI implementation activities, including on Government-wide metrics to measure ongoing NEI progress.

Helping U.S. small businesses become more involved in exporting is a major NEI priority. Studies show that U.S. small businesses who export grow faster, pay higher wages, and hire more quickly than those that do not. In 2012, Administration outreach to small businesses, as well as women-owned and minority-owned firms, will expand. In the Trans-Pacific Partnership negotiations, we are working with our partners to develop specific commitments to help small businesses participate more actively in regional trade. Through APEC, we will continue to work to address top barriers facing small businesses trading in the region, such as by making it easier to access basic customs documentation and to enhance participation by small businesses in global production chains. With European Union partners, we will utilize our new Best Practices Exchanges to reduce transatlantic barriers to trade for small businesses. And with our trade agreement partners, we are working to develop ways for small businesses to take greater advantage of the economic opportunities created by these agreements.

Implement Trade Agreements with Korea, Colombia, and Panama

From day one, the Obama Administration has insisted on higher standards for trade agreements, and in 2011 won approval of long-awaited pacts with Korea, Colombia, and Panama after taking steps to make the agreements better serve American workers and businesses, and better reflect our values. This proactive approach, taken in close consultation with Congress and American stakeholders, yielded unprecedented results: new opportunities in Korea that will provide important new export opportunities for the U.S. auto industry, groundbreaking commitments from Colombia on labor rights and protections, and improvements on labor and tax transparency in Panama.

In 2012, the Administration is working to secure swift entry into force and implementation of these trade agreements to quickly enhance American competitiveness in these markets and put more Americans to work on factory floors and farms and at firms across the country. We are coordinating closely with Congress, stakeholders, and the governments of Korea, Colombia, and Panama to ensure that the provisions specified in the agreements and related measures are met. These efforts are proceeding with a strong sense of urgency from the United States because we are eager to help American businesses, workers, and families seize all of the job-supporting opportunities in these improved trade agreements as quickly as possible.

The most economically significant U.S. trade agreement to be approved in 17 years, with legislation receiving the highest affirmative recorded vote in the U.S. Senate on a trade pact, the United States-Korea trade agreement is expected to increase U.S. goods exports by an estimated $11 billion based on tariff cuts alone, and support at least an estimated 70,000 jobs in America once it is fully implemented. The additional automotive commitments agreed to in 2010 will level the playing field for U.S. automotive companies and workers, by addressing ways Korea’s system of automotive safety standards have served as a barrier to U.S. exports, increasing regulatory transparency, and establishing a special motor vehicle safeguard to ensure that the American autoworkers do not suffer from potential harmful surges in Korean auto imports due to this agreement. Adjustments made to auto and truck tariffs will give U.S. auto companies and American workers the opportunity to increase sales in Korea before U.S. tariffs on Korean autos come down. The agreement will also create new opportunities for even more U.S. exports as it opens South Korea’s $580 billion services market to more American companies – supporting additional jobs for American workers in service sectors such as express delivery, engineering, education, health care, and professional services.

Once fully implemented, the United States-Colombia trade agreement is expected to increase U.S. goods exports by over $1 billion dollars annually and support thousands of additional American jobs. At the same time, to assess progress in the continued implementation of the Colombia Action Plan Related to

Labor Rights, during 2012 the Administration will maintain intensive engagement with the Colombian government in support of its efforts to provide better protection of workers' rights in Colombia, to prevent violence against unionists, and to ensure the prosecution of perpetrators of such violence.

The Administration also secured strong support from Congress on legislation approving the United States-Panama trade agreement after working with stakeholders and the Government of Panama to address concerns related to tax transparency and labor rights. Once fully implemented, the United States-Panama agreement will remove barriers to U.S. exporters, investors, and service providers doing business between the United States and Panama.

Build a Bold and Ambitious Trans-Pacific Partnership

The Trans-Pacific Partnership is a bold initiative through which the Obama Administration is advancing the United States' multifaceted trade and investment interests in the dynamic Asia-Pacific region, where experts estimate that economies will grow faster than the world average through 2016. Today, we are negotiating an ambitious 21st-century regional trade agreement with like-minded partners including Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

Building on the broad outlines announced last November in Honolulu, in 2012 the United States will seek to conclude a landmark TPP agreement. We will also decide with TPP partners on the entry of additional countries that have expressed interest in joining the negotiations, including Canada, Japan, and Mexico. In ongoing bilateral consultations with these potential partners, the United States continues to make clear that any new participants must be able to meet the high standards agreed by all TPP negotiating partners and be prepared to address specific issues of concern.

As we continue our close consultation with the U.S. Congress toward negotiating outcomes and new partners, the Obama Administration will explore issues regarding additional trade promotion authority necessary to approve the TPP and future trade agreements.

Through the TPP, the Administration is seeking to boost U.S. economic growth and support the creation and retention of high-quality American jobs. In 2010, U.S. goods exports to our eight other TPP negotiating partners collectively totaled $89 billion, which supported an estimated 500,000 jobs in America. We seek to strengthen these robust trade relationships and foster additional job-supporting export opportunities by enhancing trade and investment among TPP countries. To date, TPP negotiations have made substantial progress toward a regional agreement and toward establishing the most credible pathway for an overall Free Trade Area of the Asia-Pacific, which has the potential to support further additional U.S. jobs.

Participants in the TPP negotiations are also addressing 21st-century trade issues, including many that have not been addressed in previous trade agreements: cross-cutting issues like increasing regulatory coherence, integrating small- and medium-sized exporters more fully into regional trade, and promoting development. TPP participants are also seeking to enhance supply chain connectivity, competitiveness, and business facilitation, and to promote the growth of the digital economy by ensuring the free flow of cross-border data and related services. TPP negotiating partners are also considering new ways to address enhanced food safety, environmental protection and conservation, and state-owned enterprises. These efforts, along with commitments to achieve high standards for market access across all major sectors, put TPP in the vanguard of the Administration's efforts to advance forward-thinking, comprehensive trade policy that supports additional U.S. exports and jobs.

Lead Efforts to Open Markets through the World Trade Organization

An original member of the WTO, the United States is committed to preserving and enhancing the WTO's irreplaceable role as the primary forum for multilateral trade liberalization, for the development and enforcement of global trade rules, and as a key bulwark against protectionism.

As the WTO welcomes new members this year – most notably Russia, whose accession negotiations the United States helped to conclude in 2011— the Obama Administration will work with Congress to secure legislation ending application of the Jackson-Vanik Amendment and authorizing the President to extend permanent normal trade relations status to Russia as soon as possible. This step is necessary to make available to U.S. companies and workers the many WTO commitments that we secured for improved access to Russia's large and growing market for U.S. exports of agricultural and manufactured goods and services, and for improved protection and enforcement of intellectual property rights (IPR). For example, U.S. farmers, ranchers, and agricultural producers stand to benefit from additional market access under tariff-rate quotas (TRQ) for exports of American beef, pork, and poultry to Russia. Timely passage of this legislation is essential to ensure that American firms and American exporters enjoy the same job-supporting benefits of Russia's membership in the WTO rules-based system as our international competitors.

In 2012, the United States will also continue to contribute constructively and creatively to the effective functioning of the WTO. Having joined other WTO Members in acknowledging that the Doha Round of multilateral negotiations is at an impasse, the Obama Administration will exercise its leadership in turning the page toward fresh, credible approaches to market-opening trade negotiations in the WTO.

Now, we are seeking to create momentum for market-opening measures that present significant opportunities for U.S. producers and consumers, and strengthen the WTO's credibility as a negotiating organization. We remain open to pursuing elements of the Doha Round where there are reasonable prospects for producing such results, but we believe it is essential also to foster dialogue on forging productive paths in other aspects of the WTO's mandate. As these discussions advance, it remains particularly important to focus on the responsibilities of emerging economies to make contributions commensurate with their advancing roles in global trade.

The United States is convinced that the WTO's negotiating arm can and must become strong again. Witness the landmark 2011 agreement to revise the text of the WTO Government Procurement Agreement (GPA) and expand the procurement that it covers, which was successfully concluded last year. The revised GPA presents suppliers in the United States with new opportunities to support more American jobs through broader, deeper access to government procurement of goods and services in many partner economies. It also provides a strong foundation for China to accelerate its accession to the GPA, which remains a priority for the United States.

The Administration continues to adhere strongly to the precept that trade liberalization at the multilateral level holds the highest potential for securing wide-ranging market-opening outcomes while at the same time advancing trade as an economic engine for global development. However, within the WTO and outside it, we will complement multilateral approaches with discussions at the plurilateral, regional, and bilateral levels to build consensus for and commitments to market-opening agreements in many areas critical to the growth of trade-supported U.S. jobs.

As we continue to lead in the rebuilding of the WTO's negotiating mission, in 2012 the United States also will continue to vigorously support and revitalize the valuable, day-to-day work carried out by the WTO's

Committees, Working Groups, and its dispute settlement mechanism for the purpose of maintaining and enforcing the commitments to open markets in the WTO agreement, and retaining or realizing the jobs that market access may hold.

Expand Trade Opportunities across All Major Sectors

In 2012, the Administration will be considering potential pathways for trade liberalization in major sectors where U.S. producers are highly competitive, so that increased U.S. exports will support the maximum number of additional well-paying American jobs.

America's manufacturing sector is the largest contributor to U.S. exports. In 2011, the United States exported over $1.1 trillion of manufactured goods, which accounted for 77 percent of all U.S. goods exports and 54 percent of U.S. total exports. Increased business investment and U.S. exports reflects a recent resurgence of American manufacturing that is helping put more people back to work in the United States. In the past two years, 334,000 manufacturing jobs have been created in America, while U.S. manufacturing production has increased by about 5.7 percent on an annualized basis since its low in June 2009, its fastest pace in a decade. To support these positive trends, the Administration is constantly working to open markets and to provide a level playing field for American manufacturers competing around the world. For example, this year, expected implementation and entry into force of the United States-Korea trade agreement will present important new export opportunities for the American automobile industry, which has accounted for 23.2 percent of the increase in manufacturing industrial production since the U.S. economic recovery began.

America's services sector employs 80 percent of our country's private sector workforce. Expanding market access opportunities for U.S. service suppliers will unquestionably pay dividends to U.S. workers. U.S. businesses both small and large are leading providers of a wide range of services sought by international customers, particularly infrastructure business services such as financial services, information communication technology (ICT) services, distribution, express delivery and logistics, energy and environmental services. Removing barriers to the delivery of these vital infrastructure service sectors in major emerging markets has been and will remain the focus of the Administration in all of its services trade initiatives. In 2012, the Administration will intensify its efforts through regional initiatives such as the TPP; bilateral engagement with major markets like the EU, China, India and Brazil; and by exploring plurilateral options with more progressive WTO members. The administration will also continue its efforts to address new trade issues arising as a result of technological advances, such as restrictions to data flows and other requirements that limit the access of U.S. service suppliers to key global markets.

Closely related to services are the Administration's priorities relating to investment. The latest available trade data from U.S.-based multinational firms in 2009 indicates that 55 percent of U.S. exports flow from firms that invest abroad, and 37 percent of these exports go directly to those firms' overseas affiliates. These firms employ 23 million Americans and pay compensation 19 percent higher than the U.S. private sector average. In 2012, the Administration will work to conclude the Model Bilateral Investment Treaty (Model BIT) review, with the objective of producing an updated model that preserves high-standard investor protections without compromising governments' ability to regulate in the public interest, and address the challenges posed by state-owned enterprises or other entities that receive preferential treatment from their governments, as well as the distortions created by indigenous innovation policies. We also seek a Model BIT that enhances transparency and public participation, and strengthens obligations relating to labor rights and environmental protection. Securing an updated Model BIT will enable the United States to re-engage BIT negotiations with partners such as China, India, and Mauritius, and to consider additional BIT negotiations with other potential partners, such as Russia and the East

African Community (EAC). Advancing BIT negotiations will allow the Administration to address important outstanding concerns and help to secure a more level playing field for U.S. investors in these and other key markets.

In 2011, the United States exported $144 billion of agricultural goods globally. In 2012, the swift entry into force and implementation of trade agreements with Korea, Colombia, and Panama will boost combined U.S. agricultural exports by an estimated $2.3 billion annually, which will support additional American jobs. Furthermore, once the United States-Korea trade agreement enters into force, the Obama Administration intends to request consultations under the 2008 United States-Korea beef protocol to discuss its full application.

Indeed, we will support jobs for American farmers, ranchers, and agribusinesses and their workers worldwide by insisting that scientific standards be applied globally to food and agricultural trade. Promoting the use of international standards for risk assessments and regulatory approaches is critical for U.S. agricultural trade as well as helping to increase agricultural productivity and sustainability worldwide. We will also pursue equivalency recognition of trade in organic food products with key export market partners, and continue to support science-based and transparent regulations that facilitate trade in agricultural products derived from modern biotechnology. The latter represent an estimated one-third of the total value of U.S. agricultural exports.

Congress created the Generalized System of Preferences (GSP) program in the Trade Act of 1974 to help developing countries expand their economies by allowing certain goods to be imported to the United States duty-free. The GSP program aids U.S. manufacturing by lowering the cost of imported goods used as inputs. In 2011, the Administration worked with Congress to pass legislation reauthorizing the GSP program through July 31, 2013, and retroactively applying its benefits for eligible products that entered the United States on or after January 1, 2011. In 2012, the Obama Administration intends to seek to ensure that the GSP program effectively responds to the needs of the world's developing countries along with U.S. businesses and consumers. Options that take into account the growing competitiveness of many emerging market GSP beneficiaries may be considered for future possible reform of the GSP program. We will also ensure beneficiaries continue to comply with all eligibility criteria, including through careful monitoring and evaluation of labor conditions in GSP beneficiary countries.

Build Better Export Markets through Regional Economic Integration

To build better markets for U.S. exports and extend the job-supporting benefits of trade more broadly, the United States is working with partners around the world to remove barriers to trade and enhance economic integration on a regional basis.

In 2011, the Administration began to explore with our trading partners creative approaches to fostering increased regional trade and investment integration worldwide, not only through the Trans-Pacific Partnership and across Asia, but also with the European Union and in response to historic transitions and changing conditions in areas including the Middle East and North Africa (MENA), sub-Saharan Africa, and Central America and the Dominican Republic.

This year, the Administration will engage with the EU through a High-Level Working Group on Jobs and Growth to deepen and enhance our strong transatlantic trade and investment relationship, which sustains several million jobs in the United States. Together with our EU partners, we will seek to identify new opportunities to enhance international competitiveness and job creation in our countries. We will consider options to reduce or eliminate conventional barriers to trade in goods, such as tariffs and tariff-rate quotas, as well as measures to reduce, eliminate, or prevent barriers trade in services and investment. We will also examine ways to reduce, eliminate, or prevent unnecessary non-tariff barriers to trade in all categories, and to enhance the compatibility of regulations and standards. In addition, together we will seek enhanced cooperation for the development of rules and principles on global issues of common concern and also for the achievement of shared economic goals relating to third countries.

The United States will work with regional partners to develop a Trade and Investment Partnership Initiative in the Middle East and North Africa. This initiative can include a broad set of initiatives, including agreements, where appropriate, designed to increase job-supporting trade and investment between the United States and the region, as well as within the region. Our goal is to focus on securing and implementing near term measures and to build on existing agreements to promote greater integration of MENA markets with U.S. and European markets. Our efforts can open the door for those countries that adopt high standards of reform and trade liberalization to construct a regional trade arrangement. Where appropriate, we will work together with the EU in this effort to provide capacity building and technical support. This initiative will build on specific steps taken in 2011 and early 2012, including an agreement to develop a bilateral Action Plan with Egypt and the reinvigoration of a Trade and Investment Framework Agreement (TIFA) program of cooperation with Tunisia.

The Administration will also seek to make additional progress with countries in sub-Saharan Africa to facilitate regional economic integration. We will actively advance U.S. Trade and Investment Framework Agreements (TIFAs) with African regional economic communities (RECs) including, among others, the West African Economic and Monetary Union (WAEMU) and the Common Market for Eastern and Southern Africa (COMESA). Providing technical assistance and other support, we will bolster ongoing efforts in Africa to achieve free trade areas covering three RECs (the "Tripartite") and the Southern African Customs Union (SACU) through our Trade, Investment, and Development Cooperation Agreement (TIDCA), as well as a Continent-wide Free Trade Agreement (FTA). We will also build on the Administration's successful efforts last year to secure ratification of the United States-Rwanda Bilateral Investment Treaty (BIT), by working with five East African Community (EAC) countries – Burundi, Kenya, Rwanda, Tanzania, and Uganda – to negotiate a U.S.-EAC regional investment treaty as part of a new U.S.-EAC trade and investment initiative. This initiative could possibly provide building blocks for a more comprehensive U.S.-EAC trade agreement or bilateral investment agreement in the future, and may serve as a model for U.S. engagement with other African regional economic communities.

The Administration also will continue to work with Congress to secure implementing legislation for a February 2011 agreement on technical corrections to the textile and apparel rules of origin in the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). These modifications will promote greater use of regional inputs in textile and apparel trade between the United States and Central America and the Dominican Republic that will help advance American and regional jobs and export opportunities. These changes will also enhance the benefits of the first-ever CAFTA-DR sourcing database that was created last year to facilitate cross-border industry linkages and enable a vibrant regional supply chain for textiles and apparel.

The United States will work with members of the Asia-Pacific Economic Cooperation (APEC) forum to ensure implementation of commitments that APEC Leaders made during the successful 2011 U.S. host year that will advance U.S. trade and investment interests in the Asia-Pacific region. These include commitments regarding environmental goods and services, as well as pledges to ensure market-driven, non-discriminatory innovation policies that prevent the emergence of barriers to U.S. technology. We will also work with APEC members to improve the regulatory environment in the region for U.S.

exporters; to streamline import procedures for energy-efficient test vehicles; and to facilitate trade in remanufactured goods by ensuring that they are treated "like new" at the border. Our APEC work will also include implementation of commitments to establish commercially useful *de minimis* values that will exempt low-value shipments from duties or taxes; and to break down barriers to small business trading in the region, including by promoting small business engagement in global production chains through regional trade agreements. We will also work through a permanent Experts Group which has been charged with developing additional APEC activities to combat illegal logging and associated trade in illegally-harvested forest products, and we will work to ensure the success of a Global Food Safety Partnership at the World Bank focused on strengthening food safety collaboration globally.

After intensified engagement in 2011 under a regional Trade and Investment Framework Agreement (TIFA), in 2012 the United States hopes to advance initiatives with the Association of Southeast Asian Nations (ASEAN) related to digital connectivity, health care services, agribusiness, and consumer products, all to accelerate the flow of U.S. exports to the region. We will also seek to support ASEAN integration, which will enhance the efficiency and competitiveness of U.S. firms.

Grow and Sustain Innovation Economy Jobs

U.S. high-tech companies, entrepreneurs, and workers are among the most innovative and competitive in the world. According to the U.S. Chamber of Commerce an estimated 19 million Americans are employed in IP-intensive industries. Promoting trade policy that keeps pace with 21st century innovation can support the growth of well-paying IP trade-related jobs in the United States.

Among the United States' most internationally competitive IP-intensive industries are those related to information technology (IT) products. Additional American jobs are likely to depend on IT trade in the future as IT products contribute to a growing nexus between goods and services. In 2012, the Administration will work with key trading partners and stakeholders to ensure that IT-related trade rules continue to facilitate the growth of a robust IT sector and remain relevant to evolving technology and commercial needs. Central to these efforts will be laying the groundwork to follow up on the APEC Leaders Declaration in Honolulu, which instructed APEC economies to play a leadership role in launching negotiations to expand the product scope of the highly successful WTO Information Technology Agreement (ITA), which currently covers products totaling $4 trillion in annual trade.

The Administration will seek to build on the innovation policy successes of APEC 2011 by working with 2012 APEC host Russia and other member economies to produce more concrete results including an ambitious list of environmental goods on which APEC members will reduce tariffs to five percent or less by 2015, and to eliminate non-tariff measures, including local content requirements, that distort trade and investment in these products and services. These commitments should significantly increase the dissemination of cutting-edge environmental technologies regionally and, when fully implemented, will offer substantial new market access opportunities for U.S. exporters. We will also continue discussions with like-minded trading partners around the world, including through the TPP, to explore ways to further liberalize trade in environmental goods and services.

In addition to building a modern legal infrastructure to protect intellectual property rights around the world, we must ensure effective enforcement of IP rights to maintain markets for job-supporting exports of products and services embodying American creativity and innovation. Our IP-intensive exports include not only our advanced business software and popular films, music, books and video games, but also an endless variety of innovative U.S. manufactured goods and trusted brands spanning every sector that benefits from stable protection for and enforcement of patents, copyrights, trademarks, and other forms of intellectual property.

In 2012, the United States will advance a robust intellectual property chapter in the TPP negotiations to foster state-of-the-art protection and strong enforcement of IP rights in the 21st century, remaining wholly consistent with our goals of protecting public health and promoting access to medicines.

Before the trade agreements with Korea, Colombia, and Panama take effect, we will also work with these governments to ensure they have in place the laws and regulations necessary to meet their intellectual property commitments under the agreements.

Through the "Special 301" process of reporting on intellectual property protection and enforcement, and through bilateral engagement, we will continue to crack down on piracy and counterfeiting, encourage the removal of infringing products from both Internet and physical markets, and press for both strong civil remedies and the prosecution of, and deterrent penalties against, criminal activities. We will at the same time seek greater market access so that legitimate U.S. exports of IP-intensive products can reach global consumers.

The Administration will also continue to work in 2012 with several trading partners listed in the "Special 301" report to resolve intellectual property rights issues of concern, including through the development of action plans with Thailand and the Philippines, for example. This follows on the first-ever open invitation in the 2011 report for listed countries to develop such action plans. Furthermore, the Administration has enhanced the Special 301 process through Out-of-Cycle Reviews of Notorious Markets. Last year, the first and second set of these separate reports identified more than 30 Internet and physical markets exemplifying key challenges in the global struggle against job-stealing piracy and counterfeiting. Some identified markets and local officials curtailed distribution of pirated and/or counterfeit goods. Leading Chinese website Baidu, for example, reached a precedent-setting licensing agreement with U.S. and international rights holders in the recording industry. Hong Kong customs officials removed infringing goods from the popular open-air Ladies Market. And the Savelovskiy Market in Russia implemented an action plan to stop the distribution of infringing goods.

In addition to a more proactive stance with Special 301 countries, 2011 saw the realization of many of the Administration's efforts to defend U.S. intellectual property in international markets and on the Internet. These include the signing by eight countries of the landmark Anti-Counterfeiting Trade Agreement (ACTA), which will further strengthen global IPR enforcement and which 23 European Union member states signed on January 26, 2012.

II. Enforce U.S. Rights in a Strong, Rules-Based Trading System

Insistence on America's rights in the global trading system produces real, job-supporting results for American firms and working families. For this reason, robust trade enforcement across the spectrum of goods and services is a central pillar of the Obama Administration's trade policy. As evidenced by our work in intellectual property rights, we use a variety of tools including monitoring and reporting, dialogue, and direct negotiation, to break down tariff and non-tariff barriers to U.S. exports. And we do not hesitate to act when direct enforcement action is appropriate to eliminate trade irritants.

In 2012, the Administration will continue to deploy creative and effective enforcement strategies to ensure that American producers can compete successfully in world markets where intellectual property is protected, where agricultural and industrial regulations are based on science, and where transparent rules and regulations are applied without discrimination.

To this end, as the President announced during his State of the Union address on January 24, 2012, we will deploy a new Interagency Trade Enforcement Center (ITEC). The ITEC, under the purview of the Office of the United States Trade Representative (USTR), will bring a new "whole-of-government" approach to addressing unfair trade practices and will strengthen U.S. capacity to resolve foreign trade barriers through more robust enforcement of U.S. rights under international trade agreements, and enforcement of domestic trade laws. By strengthening the Federal Government's capacity to conduct enforcement actions, the Administration will be able to better enhance market access for U.S. exporters to ensure that U.S. workers, businesses, farmers, and ranchers receive the maximum benefit from our international trade agreements.

The Administration's enforcement priorities will be appropriately targeted to address the most commercially-significant challenges facing U.S. workers and businesses, as well as emerging issues that have important implications for the future of the rules-based global trading system.

Enforce and Uphold Obligations at the World Trade Organization

For nearly two decades, the WTO dispute settlement system has proved valuable to the United States as a unique venue for the discussion and adjudication of disputes with our trading partners. In 2012, we will continue vigilant trade enforcement efforts at the WTO to help preserve and support American jobs threatened by WTO-inconsistent practices, whether by China, the EU, or other global partners.

Several WTO cases addressing a wide range of trade concerns are now pending in various stages of dispute settlement. In addition to pursuing these cases vigorously in 2012, the Obama Administration will bring additional cases – regarding practices of China and other WTO trading partners – as appropriate to enforce WTO commitments.

Hold China Accountable for WTO Commitments

In January 2012, the United States won a significant victory when the WTO's Appellate Body upheld a July 2011 decision by a WTO panel and found in favor of U.S. claims that China's export restraints – in particular, export duties and quotas – on a number of industrial raw materials violate China's WTO obligations. These export restraints skew the playing field against the United States in the production and export of numerous processed steel, aluminum, and chemical products, and a wide range of further processed products. The export restraints artificially increase world prices for these raw material inputs while artificially lowering input prices for Chinese producers. This enables China's domestic downstream producers to produce lower-priced products from the raw materials, creating significant advantages for China's producers when competing against U.S. producers both in China's market and other countries' markets. It can also create substantial pressure on foreign manufacturers to move their operations and technologies to China. Once the Appellate Body and panel reports are adopted by the WTO, the United States and its co-complainants, the EU and Mexico, will engage China on China's plans to bring its measures into compliance with WTO rules.

The United States is also working to secure a level playing field in China for suppliers of electronic payment services (EPS), as it participates in an ongoing WTO dispute involving China's restrictions on foreign suppliers of EPS for card-based transactions. EPS are essential for the processing of the many millions of payment card transactions that occur every day in China. But China effectively blocks foreign suppliers of EPS, including American companies, from participating in China's market. After previously requested consultations failed to resolve U.S. concerns, the United States decided to move forward last year by requesting the establishment of a panel. Proceedings before the panel have now been completed, and the panel is scheduled to issue its decision in the coming months.

In 2012, WTO obligations with regard to the imposition of antidumping and countervailing duties will continue to be the subject of dispute settlement proceedings between the United States and China. This year, we will pursue a key concern by submitting briefs and participating in oral arguments as part of a WTO dispute settlement proceeding requested by the United States in December 2011 regarding China's apparent failure to abide by its obligations in imposing antidumping and countervailing duties on chicken broiler products from the United States. Since the imposition of duties, U.S. exports to China are down approximately 90 percent. The practical effect of the duties has been to severely curtail these U.S. exports. This case makes clear that the United States will not permit China to threaten American agriculture jobs by misusing antidumping and countervailing duties to protect its market.

The United States will also continue to pursue its challenge to anti-dumping and countervailing duties on hundreds of millions of dollars' worth of American steel exports to China: China's duties have raised prices and reduced U.S. steel exports to China's large and growing steel market. The United States sought the establishment of the panel after requested consultations last year failed to resolve U.S. concerns. This case remains an enforcement priority, as it makes clear that the United States will act to ensure that China does not misuse antidumping and countervailing duties to unfairly affect sales by American businesses and American steelworkers' jobs.

The United States will continue to assess additional duties on imports of tires from China, at a rate of 25 percent until September 25, 2012, when those duties are scheduled to end. The United States successfully defended its right under U.S. and international law to impose the duties, which have helped to support U.S. tire industry jobs. In 2011, both a WTO panel and the WTO Appellate Body rejected all of China's claims against duties imposed by President Obama in September 2009 pursuant to section 421 of the Trade Act of 1974, which implemented the transitional safeguard in China's Protocol of Accession to the WTO.

Secure a Level Playing Field Under WTO Rules with the EU and Other Trading Partners

The United States will be working in 2012 to ensure that the EU complies with the WTO Appellate Body's decision in May 2011 that upheld that more than $18 billion in subsidies conferred on Airbus by the EU and member countries were illegal, hurting the U.S. aerospace industry and its workers through lost sales and lost market share in major markets. Once implemented, this decision should lead to a more level playing field for Boeing and its many small business suppliers across America. Well-paying jobs for U.S. workers from Washington State to Kansas and South Carolina are affected by whether the EU complies with this definitive ruling. The United States remains prepared to engage in any meaningful efforts, through formal consultations and otherwise, that will lead to the goal of ending subsidized financing at the earliest possible date.

In a separate but related case, the United States will continue to defend vigorously its position against the EU's assertion that the United States provided almost $20 billion in subsidies to Boeing. While a WTO Panel rejected most of the EU claims, the EU has appealed several issues it had lost and the United States has appealed the Panel's findings with regard to the remaining $2.7 billion, which consists primarily of aeronautics research conducted by NASA.

Also this year, the United States will seek prompt implementation of a WTO ruling won in December 2011, rejecting market access barriers to imported distilled spirits in the Philippines market, so that American producers and workers are no longer penalized by a discriminatory tax regime that taxes imported distilled spirits, such as whiskey and gin, at significantly higher rates than domestic distilled spirits.

The United States will also continue where appropriate in 2012 to take other actions that reflect our support for the rules-based system of the WTO. For example, the United States continues to work on the resolution of a handful of longstanding disputes, such as on the "zeroing" issues and other matters. The United States also will continue to work with Brazil under the 2010 Framework Agreement toward resolution of the WTO *Cotton* dispute, concerning certain U.S. agricultural subsidies. While the Framework is in place, Brazil has agreed not to proceed with WTO-authorized retaliation in this dispute. Under the Framework, Brazil and the United States met four times in 2011, and meetings will continue in 2012.

Address Concerns and Enhance Transparency and Trade through the Rules-Based System of the WTO

Complementing the WTO's dispute settlement system, the day-to-day work of the Standing Committees offers avenues for monitoring implementation of WTO commitments, raising specific trade concerns, and resolving enforcement issues that threaten to lead to litigation. This year, the United States will continue to effectively utilize the WTO Committee system to enhance transparency, combat protectionism, and engage in dialogue with WTO Members about evolving global trade challenges and key concerns affecting U.S. commercial interests. In the view of the United States, the WTO's network of committees can play a vital role in exploring emerging challenges surrounding issues such as regional trade agreements, export restrictions, food security, and governmental involvement in commercial activities. For instance, in addition to its work on transparency, the WTO SPS Committee will continue its work in 2012 on *ad hoc* consultations and private standards to help countries facilitate trade. WTO Members will also further consider and address key concerns raised last year through the Standing Committees.

In October 2011, the United States utilized a rarely-used provision of the WTO Subsidies Agreement for the first time to "counter-notify" hundreds of subsidies that China and India had failed to report to the WTO for many years. Specifically, the Administration submitted to the WTO specific information it discovered regarding more than 200 subsidy programs in China and 50 subsidy programs in India. These efforts are holding China and India accountable for their WTO commitments and increasing the transparency of the Chinese and Indian subsidy regimes. They also enable U.S. industries and workers – and all WTO members – to assess more readily the impact of Chinese and Indian subsidies and to make better informed decisions about potential actions to address subsidized imports.

Given the increasing number of regional and preferential trade agreements, the United States strongly supports transparency mechanisms under the Committee on Regional Trade Agreements and the Committee on Trade and Development. These transparency mechanisms provide WTO Members with detailed information on Members' regional and preferential trade agreements, respectively, as well as a forum for asking questions and receiving written replies on the agreements and their compliance with WTO obligations.

Exercise Rights under U.S. Trade Agreements

Outside the WTO, in 2012, the Administration will actively monitor and enforce commitments in our bilateral, plurilateral, and regional trade agreements to maintain a level playing field and uphold key commitments to protect labor rights and the environment.

For example, to ensure fair trade in lumber well into the future, the United States and Canada agreed in January 2012 to extend the Softwood Lumber Agreement (SLA) for two years, through October 12, 2015. At the same time, the United States will continue to promote and defend U.S. interests vigorously under the SLA to ensure a level playing field for U.S. softwood lumber products and the communities whose jobs depend on them. In 2011, the United States prevailed in a dispute under the SLA, resulting in compensatory export measures that benefit American workers in the U.S. lumber industry. Specifically, a tribunal found that certain provincial assistance programs in Quebec and Ontario provide benefits to the Canadian softwood lumber industry in breach of the SLA, and Canada has imposed additional export charges to compensate for this breach. The United States also moved forward in a separate dispute under the SLA in January 2011, when it requested arbitration with Canada over the apparent under-pricing of public timber in the Interior region of British Columbia. Providing high-quality public timber to softwood lumber producers for salvage rates appears to constitute a breach of the SLA. This proceeding will continue in 2012.

Under the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), the United States this year will also continue to seek to address Guatemala's apparent failure to effectively enforce its labor laws as part of the first labor case the United States has ever brought under a trade agreement. The Administration broke new ground last year when it requested the establishment of an arbitral panel pursuant to the CAFTA-DR for Guatemala's apparent failure to effectively enforce its labor laws. This enforcement action reflects the Administration's steadfast determination to protect the rights of workers in America and abroad, and to provide a level playing field for workers here at home.

III. Build and Bolster International Trade Relationships

The United States is eager to do business with trading partners around the world on the basis of mutual accountability and shared ambition for economic growth. In 2012, the United States will engage with trading partners to pursue market-opening, job-supporting objectives through bilateral and regional mechanisms.

China

President Obama has stated that the United States "[welcomes] the peaceful rise of China. It is in America's interests to see China succeed in lifting hundreds of millions of people out of poverty." Indeed, U.S. exports to China continue to grow at a rate unmatched in any other major market – since China joined the WTO in 2001, U.S. goods exports, including semiconductors, aircraft, and chemicals, have quintupled; agriculture exports, led by soybeans and cotton, are up 900 percent; and services exports are up over 300 percent, on growing sales of education services, as well as business, professional, and technical services.

Furthermore, because U.S. exporters need a level playing field in China, the President has emphasized the importance of ensuring that "China can be a source of stability and help to underwrite international norms and codes of conduct."

Given the importance of this growing trade relationship, the United States will use all available tools in 2012 to ensure that China engages in fair play on trade and that U.S. exporters have a fair shot to compete in China. In addition to enforcement efforts that aim to end discriminatory policies and unfair subsidies, we will also continue to press China to open investment opportunities, to complete negotiations to join the WTO Government Procurement Agreement by offering comprehensive coverage of its procurement, and to increase transparency and eliminate market access barriers in areas ranging from agricultural goods to services.

This year, the Administration will also seek China's complete implementation of its commitments to strengthen IPR protection and enforcement, including eliminating the use of illegal software by Chinese government entities. Likewise, focus will remain on ensuring an end to discriminatory "indigenous innovation" policies, as the Administration continues its efforts to protect the value of U.S. intellectual property and technology in China and support IP-related American jobs here at home.

During President Hu's state visit in January and at the 2011 Strategic & Economic Dialogue (S&ED), the Administration made progress on both innovation policy and intellectual property enforcement, gaining China's commitment to delink innovation policy from the provision of government procurement preferences and to take strengthened measures to weed out illegal software use. At the November 2011 Joint Commission on Commerce and Trade (JCCT) plenary meeting, China made further progress, announcing a legally binding State Council measure to implement the key innovation "delinking" commitment, and agreed to intensify its efforts on software legalization, including extending enforcement to all types of software, and engaging in additional work with state-owned enterprises. More broadly, China agreed that its Vice Premier would lead all IP enforcement work, using a stronger coordination structure. To be sure, much work must be done in 2012 – a study by the Business Software Alliance showed the commercial value of pirated software in China exceeded $7.7 billion in 2010.

The Administration will also seek timely and thorough implementation of Chinese commitments: not to require foreign automakers to transfer technology to Chinese enterprises or establish Chinese brands in order to invest and sell electric vehicles in China; to make foreign-invested enterprises eligible on an equal basis for incentive programs for electric vehicles, ensuring these programs meet WTO rules; and to issue a domestic measure requiring all proposed trade- and economic-related administrative regulations and rules, subject to limited exceptions, to be published on the website of the Legislative Affairs Office of China's State Council for a public comment period of at least 30 days from the date of publication.

Finally, the Administration will also work to resume BIT negotiations with China once the Model BIT review process concludes.

Japan

Throughout 2012, the United States will work with Japan to advance bilateral cooperation and to reduce regulatory and other barriers to trade. Our bilateral efforts will build on progress achieved in 2011 through the Economic Harmonization Initiative (EHI), which aims to contribute to economic growth through cooperation to harmonize our approaches in ways that facilitate trade, address business climate and individual issues, and advance coordination on regional issues of common interest. As we consider Japan's expression of possible interest in joining the TPP negotiations, the Administration will work closely with Congress and stakeholders to assess Japan's readiness to adhere to the high standards and rules we expect in the TPP as well as to address specific issues of concern. Ongoing consultations and close coordination will drive sustained engagement throughout the year.

India

In 2012, the Administration will work with India to advance action on key trade and investment items that will yield improved market access in the near term. These efforts will be accompanied by an outreach program to select Indian states in recognition of their importance in setting trade and investment policy in India. The Administration will simultaneously be working with select U.S. states, starting with California, to boost their commercial presence in the Indian market. Finally, we will make greater use of our United States-India Private Sector Advisory Group (PSAG) in identifying ways to better engage the Indian Government and improve the trade and investment climate for U.S. commerce with India. We will seek commercially meaningful results, such as those accomplished in 2011, including India's lowering or eliminating tariffs on several products including pistachios, cranberries, sun-dried dark raisins, aviation parts, and certain medical devices, and the elimination of cotton export restraints that had been in place since 2010. With respect to all these activities, the United States-India Trade Policy Forum will continue to be the primary mechanism to facilitate engagement with the Government of India on trade and investment issues and to contribute to progress reducing barriers faced by U.S. goods and services. We will also seek to accelerate BIT negotiations with India once the Model BIT review process has been completed.

Southeast Asia

Bilateral work will continue with trading partners in Southeast Asia on key trade and investment issues. We will build on 2011 successes such as the conclusion of a trade facilitation and customs administration agreement with the Philippines that includes specific commitments to simplify customs procedures and increase transparency of customs administration – steps that can help prepare the Philippines in the event they consider possibly joining the TPP – and the resolution with Indonesia of a significant disruption in U.S. movie exports that had resulted from several new import regulations in Indonesia.

Europe

The U.S.-EU High-Level Working Group on Jobs and Growth, which was established by President Obama and EU leaders in November 2011, will be the primary vehicle for assessment of ways to boost the United States' trade and investment relationship with the EU in 2012. With extensive input from private sector stakeholders, we will assess the potential economic value and feasibility of various initiatives relating to trade in goods and services, transatlantic investment, and the reduction and elimination of non-tariff barriers.

Even under challenging market conditions and amidst ongoing trade disputes, U.S.-EU dialogue and cooperation are critical to providing regional and global leadership on important trade and investment issues. We will build on work done in 2011 as we continue to develop cooperative approaches to issues such as information and communication technology services, promoting open investment climates, and regulatory principles and best practices, as well as assisting developing countries to shape their trade and investment environments.

The Administration also looks forward to working with the EU this year to implement the second phase of a Memorandum of Understanding regarding U.S. beef exports to the EU, advancing a landmark 2009 agreement that has already more than doubled U.S. beef exports to EU member countries.

Sub-Saharan Africa

In 2012, the Administration will continue to strengthen U.S. economic engagement with countries throughout sub-Saharan Africa using all available trade and investment tools. As part of our comprehensive efforts to increase utilization and effectiveness of U.S. trade preference programs, we will work with Congress to enact legislation on urgent African Growth and Opportunity Act (AGOA) priorities, including the extension of AGOA's third-country fabric provision to 2015 and the addition of South Sudan as a potentially AGOA-eligible country. At the same time, we will work with Congress and AGOA partners toward defining and achieving a seamless renewal of AGOA beyond 2015. The United States also looks forward to hosting the 11th annual U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (AGOA Forum) in 2012 with an active agenda focused on these and other critical issues.

In addition, the Administration will work with Congress to expand duty-free-quota-free treatment for imports of Upland cotton grown in least developed countries (LDCs). We will extend the successful West Africa Cotton Improvement Program (WACIP), which provides technical assistance for West African cotton-producing countries, including Benin, Burkina Faso, Chad, and Mali. We will also work with African partners to fully deploy the African Trade and Competitiveness Enhancement (ACTE) Initiative, investing up to $120 million over four years to help Africans produce and export their products both regionally and globally, including to the United States under AGOA. Announced at the 2011 AGOA Forum in Lusaka, Zambia, ACTE will focus more sharply the work of USAID's Regional African Trade Hubs in Ghana, Senegal, Botswana, and Kenya to support the expansion of both U.S.-African and intra-African trade.

Completion of the Model BIT review will facilitate re-invigorated BIT negotiations with Mauritius, and present the potential to explore a possible regional investment treaty with the East African Community. Through our new trade and investment initiative with the EAC we will also consider the creation of trade enhancing agreements in areas such as trade facilitation and the development of stronger commercial engagement between the United States and the EAC.

We will also advance our TIFAs with key countries: Angola, Ghana, Liberia, Mauritius, Mozambique, Nigeria, Rwanda, and South Africa; and regionally with EAC, COMESA, SACU, and WAEMU.

The Middle East and North Africa

In response to developments in the Middle East and North Africa, the Administration announced in May 2011 an effort to promote common interests in enhancing regional and economic integration with trading partners across the region to develop a Trade and Investment Partnership Initiative. As part of this initiative, we plan to focus on securing and implementing near term measures and to build on existing agreements and encourage partners to adopt certain reforms that may lead to the construction of a regional trade arrangement. Our plans include working with Egypt to develop a bilateral Action Plan and reinvigorating our Trade and Investment Framework Agreement (TIFA) with Tunisia.

Along with this initiative, in 2012, we will also work with member states of the Gulf Cooperation Council (GCC) to pursue trade and investment opportunities on a regional basis and address existing trade and investment impediments in the Gulf region that must be considered comprehensively.

At the same time, the United States will work closely with our existing trade agreement partners in the region – Israel, Jordan, Morocco, Bahrain, and Oman – to improve implementation of those trade agreements through vigorous enforcement of obligations and promotion of the use of these agreements by U.S. firms. The United States will also pursue negotiation of a new U.S.-Israel Agreement on Trade in Agricultural Products.

Our efforts support the President's overall vision for the MENA region to assist nations that commit to transition to democracy, while at the same time broadening economic opportunity in support of jobs.

The Americas

In 2012, the Administration will work closely with Canada and Mexico to deepen our partnerships, respectively and collectively, and to address challenges constructively. For example, the Administration 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.

On a bilateral basis with Canada, the United States will ensure full implementation of commitments undertaken in the Beyond the Border (BTB) Action Plan and the Regulatory Cooperation Council (RCC) Action Plan. Launched last year by President Obama and Prime Minister Harper, these complementary programs promote transparency, efficiency, and the free and secure flow of commerce across U.S.-Canadian borders. We will also explore opportunities to enhance reciprocal government procurement opportunities and identify and pursue additional regulatory cooperation efforts.

With Mexico, the United States will work collaboratively to share information about proposed regulations and identify those regulations that might impede U.S. exports and North American competitiveness. These efforts will build on progress made last year as the United States signed a mutual recognition agreement (MRA) with Mexico to ease burdens on U.S. companies, especially smaller manufacturers, seeking to export telecommunications products to Mexico.

As we consider Canada's and Mexico's expressions of interest in joining the regional TPP negotiations, the Administration will work closely with Congress and stakeholders to assess Canada's and Mexico's readiness to adhere to the high standards and rules we expect in the TPP as well as to address individual issues.

In 2012, the United States will meet with Brazil for the first time under a new Agreement on Trade and Economic Cooperation (ATEC) that was signed during President Obama's trip to Brazil last year. The ATEC represents a significant achievement and establishes an effective mechanism for managing the bilateral trade relationship with Brazil. It will facilitate the expansion of our direct trade and investment relationship on issues including innovation, trade facilitation, agriculture, and technical barriers to trade, and it may also become a foundation for cooperation in other trade forums on issues of mutual concern. These issues are critical to helping the United States and Brazil further enhance a trade relationship that was $80 billion in 2010 and is likely to expand in the future.

The United States has free trade agreements with Chile and Peru, which are both participating in the TPP negotiations. In 2012, the Administration expects to make continued progress with Chile on agriculture, trade and investment issues, and intellectual property rights.

The Administration will continue to work closely with the Government of Peru in 2012 as it develops detailed regulations to implement its new Forestry and Wildlife Law and move forward with implementation of its commitments under the Forest Sector Annex of the United States-Peru Trade

Promotion Agreement (PTPA). In a major step forward for environmental protection, the Administration worked closely with the Government of Peru to facilitate passage of this comprehensive historic forest sector reform legislation, its new Forestry and Wildlife Law, in July 2011. Additionally, the Interagency Committee on Timber Imports from Peru convened to adopt procedures aimed at facilitating its response to any potential shipments from Peru of illegally-harvested forest products.

In 2012, we will continue to pursue dialogue to identify areas of concern and opportunities for increased trade with other Western Hemisphere countries. With Paraguay, for example, we have extended a Memorandum of Understanding (MOU) on Intellectual Property Rights while we seek a renewal of the MOU, along with a side letter identifying specific priority areas to be addressed by Paraguay.

Trade between the United States and Central America and the Caribbean continues to grow. In 2012, the Administration will work to deepen trade relationships with CAFTA-DR partners and address outstanding issues. The Administration will also seek to complete negotiations on a revised, high-standard Trade and Investment Framework Agreement (TIFA) with the Caribbean Community (CARICOM). We will also engage the Caribbean through the implementation of the Caribbean Basin Initiative to foster the active participation of beneficiary countries and dependent territories in the region in various initiatives to promote trade liberalization.

IV. Partner with Developing Countries to Fight Poverty and Expand Opportunity

To support additional American jobs through trade, we must continue building better markets for U.S. exports. Providing economic opportunities in some of the world's poorest countries can have ancillary effects that may increase the probability of changing societies through peaceful, democratic means. Reducing violence and corruption can improve the business climate and contribute to the growth of middle-class consumers in developing countries.

In 2012, the Administration will work closely with Congress to consider the future of GSP and other trade preference programs. The United States will also increase assistance to LDCs to help increase their utilization of the tariff preferences available to them under GSP, AGOA, and the other preference programs, in recognition of the fact that these programs work best when paired together with effective assistance to help developing countries build up their capacity to trade.

As one of the largest bilateral providers of trade capacity building assistance worldwide, the United States has consistently supported the WTO's Aid for Trade initiative and the Enhanced Integrated Framework. In 2012, we will help lead efforts at the WTO to assist developing countries, and in particular LDCs, to become better integrated into global trade. Through efforts such as the ACTE initiative in sub-Saharan Africa, we will also focus on improving the effectiveness of our bilateral trade capacity building mechanisms. Given that the most significant global trade barriers are between developing countries, the United States will also continue to promote market opening across developing countries, as well as regional integration, to promote new trade flows.

Trade is a key component in achieving the broad-based economic growth necessary to drive development, economic growth, and recovery in countries transitioning away from conflict and natural disasters. In 2012, the Administration will continue to assist transitions toward increased trade and investment in Iraq and Afghanistan, and we will seek additional ways to foster strong trade and economic partnerships with Pakistan. These efforts will build on progress made in 2011 to strengthen local economies and export markets through trade expansion initiatives, such as those that have helped Afghanistan develop additional trade capacity for women-owned businesses in handicrafts and apparel. Additionally, in partnership with Haiti and stakeholders, the Administration will continue to promote the Plus One for Haiti Initiative and focus attention on the opportunities provided by the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE II) Act.

This Administration has put a special emphasis on expanding economic opportunity for women around the world. In 2012, the Administration will work with APEC partners to facilitate implementation of commitments made at 2011's first-ever APEC Women in the Economy Summit to improve women's access to financing and markets, to help women-owned firms compete, and to foster women in leadership positions. We will seek to include a similar focus on the agenda for the Summit of the Americas to be held in Colombia.

The United States also recognizes the critical role that the private sector and non-governmental organizations are playing in helping to address challenges and spur economic growth in developing countries. In 2012, the Administration will continue to develop and support innovative public-private partnerships that bring together important actors and combined resources to address development challenges. Our work will build on the kind of progress made last year through APEC to achieve the first Global Food Safety Fund for capacity building. To be managed by the World Bank, the Fund will leverage the tripartite approach pioneered in APEC that enlists a wide range of stakeholders in training programs designed to enhance food safety and to facilitate trade. We look forward to supporting the Fund and sharing best practices to multiply success with partners around the world.

V. Promote Inclusive Trade Policy that Upholds American Values

Support for the Obama Administration's active trade agenda – including for the trade agreements with Korea, Colombia, and Panama as well as U.S. participation in the WTO – has been built through extensive outreach to U.S. industry leaders, entrepreneurs, farmers, ranchers, small business owners, workers, state and local government officials, and advocates for labor rights, environmental protection, and public health, among other issues. Constant coordination with Congress has also been vital. In 2012, this dialogue will continue as the Administration seeks input widely regarding rapidly advancing TPP negotiations, and the important challenges and opportunities involved with potential new entrants that have expressed interest in possibly joining TPP. We will continue to invite stakeholders to receive briefings and make presentations as they did last year during TPP negotiating rounds in Chicago, Chile, Singapore, Vietnam, and Peru. The Administration will also continue close consultation with Congress to develop U.S. negotiating positions, including on issues related to labor rights, environmental protections, state-owned enterprises, agriculture, and market-driven innovation policies, among others.

In 2012, we will utilize trade policy advisory bodies to pursue even more dynamic and responsible trade measures that will support American jobs by responding more directly to the needs of U.S. agricultural producers and workers. These bodies were strengthened in 2011 as seven agricultural advisory committees that advise USTR and the U.S. Department of Agriculture (USDA) on trade matters were reconstituted to include 72 first-time members representing a diverse range of stakeholder interests including farmers, ranchers, agribusiness, state government, and public health groups. The Labor Advisory Committee on Trade Policy and Negotiations was expanded to include representatives from a broader range of labor organizations, strengthening the voice of American workers in shaping U.S. trade policy.

To promote robust and inclusive dialogue with the American people and support an active trade agenda in 2012, the Administration will continue to develop and deploy innovative communications tools that enable the American people to stay informed about and take better advantage of job-supporting commercial opportunities.

One such effort to support U.S. commercial growth is SelectUSA. Established by Executive Order of the President in June, 2011, SelectUSA is a U.S. government-wide initiative to attract, retain, and expand business investment in the United States to support economic growth and job creation. SelectUSA serves as an information clearinghouse, ombudsman, advocate, and policy expert for firms, economic development organizations, and other stakeholders seeking to grow business investment in the United States. SelectUSA works on behalf of the entire nation and exercises strict geographic neutrality.

The U.S. Government will also unveil a new website to assist businesses in the United States called BusinessUSA. BusinessUSA will consolidate information and services from across the government into a single, integrated network for American business owners and entrepreneurs that want to begin or increase exporting. And we will continue to develop the FTA Tariff Tool, a free online tool launched in 2011, which helps more small businesses take better advantage of tariff reduction and elimination under U.S. trade agreements.

Thanks to the input of Congress, the public, and our advisory groups, the Administration's trade policy will continue to reflect heightened concern for workers not only in the United States, but worldwide. In 2012, in addition to implementing the Colombia Action Plan Related to Labor Rights, we will also monitor the labor provisions of existing trade agreements and promote labor rights internationally. In particular, we will review GSP country practices petitions related to worker rights issues in Bangladesh, Georgia, Niger, Philippines, Sri Lanka and Uzbekistan. We also will work to strengthen engagement on labor rights through new and existing TIFAs, with particular focus on using those trade frameworks to improve respect for the fundamental labor rights and effective enforcement of labor law. In each of these cases, our goal will be to assist countries to resolve the labor concerns that have been raised so that workers are able to exercise their legitimate rights.

This Administration will also press the case in 2012 that trade agreements can and should be part of the solution to urgent international environmental challenges. In a world more interconnected than ever before, we see trade's potential to drive both higher standards of environmental protection and cooperative efforts to conserve living resources while we create job-supporting opportunities for our entrepreneurs, companies, and workers. In 2012, we will advance wide-ranging efforts to combine market-opening trade with environmental protection, including efforts in the WTO to engage on trade and climate change issues; negotiations in TPP to eliminate barriers to environmental goods and services, deter illegal wildlife and wild plant trade, and prohibit harmful fish subsidies; results in APEC on reducing tariffs on environmental goods and illegal logging; and initiatives for addressing concerns with trade in electronic waste. As we implement trade agreements with Korea, Colombia, and Panama, we will ensure that the strong environmental provisions in those agreements are consistently applied in ways that conserve and protect the environment and natural resources.

U.S. trade policy will continue to respect the right of governments to regulate in the public interest, including in the interest of public health. The Administration has consistently affirmed the United States' commitment 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. This year, we will seek to advance proposals in the TPP negotiations to promote access to the latest life-saving medicines. These proposals were the product of a new strategic initiative, Trade Enhancing Access to Medicines (TEAM), which is designed to deploy the tools of trade policy to promote trade in, and reduce obstacles to accessing, both innovative and generic medicines, while supporting the innovation and intellectual property protection that is vital to developing new medicines and achieving other medical breakthroughs.

Here at home, the Obama Administration will also maintain a balanced approach to trade, seeking wherever possible to limit the impact of dislocations and to support new jobs for workers in transition through TAA and other U.S. workforce programs. In 2012, the Administration will rigorously implement reforms and administer the newly strengthened and reauthorized TAA programs efficiently so that workers in America's agriculture, services, and manufacturing sectors are able to secure jobs in growing industries.

Conclusion

American businesses, workers, farmers, ranchers, manufacturers, and service providers deserve a level playing field on which to compete and sell Made-in-America products around the globe. The Obama Administration has built broad support for trade that truly opens markets, serves the American people as both producers and consumers, and is consistent with U.S. values.

Now the path is clear for continued progress on critical initiatives to increase U.S. exports and support American jobs. The Administration looks forward to vigorous engagement in 2012 with the American people, with Congress, and with our global trading partners to increase trade and exports by job-creating U.S. businesses of every size, bringing trade's benefits home to America's working families.

Ambassador Ron Kirk
United States Trade Representative
March 1, 2012