

# **I. THE PRESIDENT'S TRADE POLICY AGENDA: Supporting Jobs and Economic Growth through Trade**

Trade and investment play a critical role in the Obama Administration's overarching strategy to create jobs, promote growth and strengthen the middle class. They do so by opening markets and leveling the playing field for American producers, and fully enforcing our trade rights. This, in turn, builds ladders of opportunity and higher living standards for families, farmers, ranchers, manufacturers, services suppliers, workers, and consumers. As the world shifts to a global innovation economy, the United States must be well-positioned to prosper from and sustain the jobs of the 21st century that will support our growth and strengthen America's middle class. To complement our national strengths and capitalize on America's comparative advantage in innovation, President Obama has put forward an ambitious trade policy agenda that aims to strategically position American businesses, workers, and consumers at the center of a 21st century global trading system that reflects U.S. values and goals. We seek to enhance the global competitiveness of U.S. goods and services and strengthen our economy by continuing American leadership in negotiating high standard agreements that help U.S. exporters gain access to billions of customers beyond our borders.

With low or no tariffs on the vast majority of products, a transparent and sensible regulatory environment, and an open investment regime, U.S. barriers to imports and investment from abroad are among the lowest in the world. With partners across the Federal government, the Office of the United States Trade Representative (USTR) is focused on creating and maintaining open markets for U.S. exports and ensuring a level playing field for U.S. producers and workers to compete. We constantly engage with our many trading partners to remove specific barriers and expand trade. We work with developing nations to alleviate poverty and foster economic growth that simultaneously creates better market opportunities for U.S. exporters. We believe in using trade's potential to drive higher standards for labor rights and for environmental protection. We vigorously fight to ensure that hard-working Americans are able to fully reap the benefits of trade by robustly monitoring and enforcing our rights. And we advance all of these objectives with broad input from a wide range of stakeholders to craft U.S. trade policy in a transparent way so that it reflects the values and aspirations of the American people and our global leadership role.

The President's Trade Agenda for 2014 describes how the Administration will continue to use every available policy tool over the next year – and continue to develop new tools to pursue the most efficient and productive pathways to expand trade and support economic growth. Our efforts in 2014 will build on many successful 2013 initiatives. Last year the United States launched two groundbreaking trade negotiations – the Transatlantic Trade and Investment Partnership (T-TIP) and the Trade in Services Agreement (TiSA). We also made substantial progress towards concluding the Trans-Pacific Partnership (TPP) negotiations, and secured the first major multilateral agreement in two decades. This year we expect to conclude negotiations with TPP countries to secure a next-generation, high-standard trade agreement in the world's fastest growing region. We expect to make significant progress with the European Union (EU) toward a T-TIP agreement to further strengthen the world's largest trade relationship. We will advance negotiations on the TiSA. And in Geneva, we will continue to strengthen the multilateral trading system and advance promising pathways for 21st century trade liberalization by maintaining America's leadership role at the World Trade Organization (WTO), expanding the Information Technology Agreement (ITA), and launching negotiations on an Environmental Goods Agreement (EGA). These are just some of the many pathways the Administration will pursue to increase U.S. exports to the world while supporting job growth here at home.

To facilitate the conclusion, approval, and implementation of our market-opening negotiating initiatives, we are working with Congress to support broad bipartisan passage of Trade Promotion Authority (TPA).

TPA is a critical tool for Congress to update and assert its role in trade policy, to guide current and future negotiations, and to ensure the completion of market-opening, job-supporting agreements. TPA is an important part of the Administration's larger strategy of increasing U.S. exports and global economic competitiveness.

In 2014, the Obama Administration will continue to advance trade policies that promote open markets to enable additional job-supporting U.S. exports and sustained economic growth.

## **Our Trade Policy Priorities**

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

International trade supports millions of jobs here in the United States, sustaining American families and businesses alike. Trade links American workers and their high-quality "Made in America" products with customers around the world. Data from 2013 showed that every \$1 billion in U.S. goods exports supported an estimated 5,400 American jobs, and every \$1 billion of U.S. services exports supported nearly 5,900 U.S. jobs. Many export-related jobs are in some of the United States' fastest-growing and most globally competitive sectors, from manufacturing to agriculture to services.

More than half of U.S. imports provide inputs to value-added production here in the United States. In the 21st century, supply chains for many U.S. businesses are truly global, and inputs may cross borders multiple times before a finished product is completed. Thus it is critical that the United States work to improve the efficiency of global trade with our key trading partners, in terms of both exports and imports, to support job growth here at home.

With a trade weighted applied tariff of 1.3 percent, U.S. barriers to imports are already among the lowest in the world. By contrast, we face high tariff and nontariff barriers in many foreign markets that constrain our ability to achieve export-led growth. That's why it's critical for the United States to continue to pursue an ambitious trade agenda in 2014 that eliminates trade barriers, increasing our exports to the world, supporting jobs, and strengthening our economy.

#### *Conclude the Ambitious Trans-Pacific Partnership Negotiations*

In pursuit of job-supporting trade opportunities, the Administration will work to conclude negotiations of the Trans-Pacific Partnership (TPP) in 2014, producing a high-standard, comprehensive, 21st-century agreement that provides new export opportunities for U.S. industry and agriculture, opens markets for U.S. services and investment, protects worker rights, and enhances environmental protection.

TPP will expand U.S. trade with dynamic economies throughout the rapidly growing Asia-Pacific region. Experts estimate that economies around the Pacific Rim will continue to grow faster than the world average, elevating income levels and creating increased market opportunities. Along with the United States, TPP partners now include Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The twelve TPP countries now represent nearly 40 percent of global GDP and a third of global trade. These large and growing markets of the Asia-Pacific already are key destinations for U.S. manufactured goods, agricultural products, and services suppliers, and the TPP will further deepen this trade and investment relationship while addressing new and emerging 21st century issues of concern to U.S. stakeholders – including trade in a growing digital economy. According to an analysis supported by the Peterson Institute for International Economics, a successful TPP agreement would provide global income benefits of an estimated \$223 billion per year, by 2025, while potentially expanding annual U.S. exports by \$124 billion. TPP countries also account for 28 percent of

global marine catch and over a third of global timber production, thus providing a meaningful opportunity to advance environmental stewardship efforts in the region.

The entry of Japan, the world's third-largest economy, into TPP negotiations in July 2013 has further expanded the commercial impact of the TPP agreement. Building upon this expansion, we will continue to conduct robust bilateral negotiations with Japan in parallel to the TPP negotiations to address issues related to automotive trade, insurance, and other nontariff measures. In addition, the United States continues to engage with potential candidate countries regarding their interest in joining the TPP negotiations, and has welcomed public expressions of interest by a number of economies in Asia and Latin America. TPP is a promising platform for the development of a global trading system based on U.S. values and rules that enhance public health and consumer safety. Along with other existing TPP member countries, the United States continues to stress to all potential new entrants that they must be able to meet the high standards agreed to by the TPP negotiating partners.

#### *Advance Negotiations with the European Union in the Transatlantic Trade and Investment Partnership*

On June 17, 2013 President Obama and EU leaders announced that the United States and the EU would launch negotiations on a comprehensive trade and investment agreement to strengthen a partnership that already supports \$1 trillion in annual two-way trade, nearly \$4 trillion in investment, and roughly 13 million direct jobs – the Transatlantic Trade and Investment Partnership (T-TIP) agreement.

This year, we expect to make significant progress in the T-TIP negotiations. After three negotiating rounds in the latter half of 2013, the Administration plans to maintain a similar pace for the talks in 2014. Negotiators will seek ambitious market openings in goods, services, and investment. T-TIP offers an historic opportunity to modernize trade rules and to bridge divergences in our respective regulatory and standards systems – which can constitute the most significant obstacles to transatlantic trade – without compromising the health, safety, and environmental protection our citizens expect. It also offers significant opportunities to set high standards with respect to global issues of common concern, beyond the bilateral U.S.-EU relationship. A successful T-TIP agreement could generate new business and employment by expanding trade and investment opportunities, and pioneering new trade rules and disciplines. As we pursue these goals, we will maintain the high standards for public health, public safety, worker rights, and environmental and consumer protection that people on both sides of the Atlantic expect. We also will continue to seek constructive input from Congress and stakeholders as the T-TIP negotiations progress.

#### *Tackle 21st Century Trade Issues by Moving Negotiations in Services and Information Technology Towards Conclusion*

As the U.S. knowledge and innovation economy continues to grow in the 21st century, we have become the world's largest trader in services. U.S. exports of private services were nearly \$700 billion in 2013, and three out of every four American jobs are already in the services sector. And with every \$1 billion in services exports supporting nearly 5,900 U.S. jobs, promoting the expansion of services trade globally will pay dividends for the United States. Despite the increasing prominence of services trade, the Peterson Institute estimates that tradable business services remain five times less likely to be exported than manufactured products.

That is why in 2013, the Administration launched negotiations for a Trade in Services Agreement (TiSA) to open foreign markets, create new opportunities for U.S. exporters, and encourage the adoption of policies that promote fair and open competition in international markets for services. Focused exclusively on services, TiSA will encompass state-of-the-art trade rules aimed at promoting fair and open competition across a broad spectrum of service sectors. Currently, there are nearly two dozen countries

participating in the TiSA negotiations, representing roughly two-thirds of world trade in services and a combined services market exceeding \$30 trillion – or approximately half of the global economy.

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

The United States will also continue to play a leading role in negotiations to expand the scope of products covered by the WTO Information Technology Agreement (ITA). The ITA entered into force in 1997 and now covers over \$4 trillion in annual global trade. The Obama Administration is seeking to expand the scope of the ITA's product coverage in order to keep pace with the tremendous technological advances that have taken place in recent years. As a result of persistent and targeted outreach by the United States, the number of Members participating in the ITA negotiations has increased from six at the launch of negotiations in May 2012, to 28 by September 2013. This expansion represents a critical mass of global Information and Communication Technology (ICT) trade – approximately 90 percent.

In 2014, U.S. negotiators will work to conclude negotiations on a balanced and commercially meaningful expansion of the ITA. Eliminating duties on newer information technology products would provide a significant boost for U.S. technology exports, and enable all countries to benefit from increased trade of cutting edge products. The Information Technology and Innovation Foundation estimates that the liberalization of duties on additional technology products could increase U.S. exports by \$2.8 billion, and support up to 60,000 new American jobs.

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

The World Trade Organization remains the critical forum for liberalizing multilateral trade, strengthening the multilateral rules-based trading system, and enforcing global trade rules, and serves as an important bulwark against protectionism. In 2014, the United States will build on recent multilateral trade negotiating successes by continuing to play a leading role in the multilateral trading system. This leadership role reflects our commitment to preserving, enhancing, and strengthening the WTO.

At the 9th WTO Ministerial Conference in Bali (MC9), Indonesia last December, the United States led WTO Members in concluding its first new multilateral trade agreement since the creation of the WTO in 1995. The Trade Facilitation Agreement, with binding commitments on all WTO Members to expedite movement, release and clearance of goods, improve cooperation on customs matters, and help developing countries fully implement the obligations, will contribute to opening new markets for U.S. exporters by significantly reducing customs barriers they face worldwide. The agreement will increase customs efficiency and effective collection of revenue, and will help small businesses access new export opportunities through measures like transparency in customs practices, reduction of documentary requirements, and processing of documents before goods arrive. Additional work at the MC9 also produced important steps to address key issues with regard to food security and agricultural trade, and to alleviate poverty and improve economic opportunities through trade policy and development assistance.

In 2014, the United States will seize upon this forward momentum by implementing these new decisions while also identifying future opportunities for progress such as new negotiations on a plurilateral agreement to eliminate tariffs on environmental goods. The United States also looks forward to

completing negotiations on the accession of Kazakhstan to the WTO, and will continue to provide technical and other assistance to other WTO accession candidates. This assistance includes developing countries and least developed countries that undertake trade commitments that meet Administration priorities and are supported by the Congress.

While supporting the expansion of WTO membership and playing a proactive role in market-opening negotiations, the United States will continue to promote and strengthen the WTO's existing core functions. This includes the day-to-day activities of the WTO committees, working groups, and dispute settlement mechanism. These institutional structures are critical to promoting transparency in WTO Member trade policies, as well as monitoring and resisting protectionist pressures during a challenging time for the global economy. By working together, WTO Members can continue to build upon 2013's successful efforts to revitalize the WTO and ensure that the institution remains well-equipped to drive future economic growth and development.

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

As the 21st century global economy evolves, the Obama Administration will continue to work towards strengthening America's competitive advantage in innovation. Intellectual property (IP) is a key source of American jobs, and serves the essential purpose of encouraging innovation and creativity. To sustain these vital economic benefits, the United States in 2014 will continue to seek greater market access for IP-intensive U.S. products, and to promote job-supporting innovation and creativity with balanced policies informed by diverse views that benefit both producers and users of innovative products and services.

In the TPP negotiations, we will continue to work with the negotiating partners and stakeholders to advance state-of-the-art, high-standard IP provisions that will protect and promote the spread of IP-intensive products and services throughout the entire region, to the benefit of producers and consumers in all TPP countries. We will also seek to advance our IP interests in the T-TIP, and will advance positive discussions of trade-related innovation and related issues at the WTO Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS) in Geneva.

And as we endeavor to open new markets to innovations of American firms, the United States will aggressively defend millions of American jobs threatened by the wholesale theft of U.S. intellectual property. From the directors and actors who make our movies to the carpenters and engineers who make and run the sets, our people deserve to reap the benefits of their work. We will use all appropriate trade policy tools to address key trade-related IP issues and resolve specific intellectual property rights issues that undermine the rights of Americans. We seek to actively combat global counterfeiting that both threatens American jobs and often endangers the health and safety of global consumers. The United States will continue to use the "Special 301" process and annual report to Congress both to drive continued improvements to the IPR protection and enforcement system and to spotlight challenges. We will also use the Special 301 process, the TPP negotiations, and other trade policy tools to further implement the Administration's Strategy on Mitigating the Theft of U.S. Trade Secrets. To promote U.S. exports of IP-intensive products, we will closely monitor compliance with IP-related commitments secured in U.S. trade agreements.

We will continue to seek constructive input from Congress and stakeholders on a wide range of trade issues related to the protection and enforcement of copyrights, trademarks, patents, trade secrets, and other forms of intellectual property. In the area of public health, the Administration continues to welcome diverse stakeholder input to shape the development of proposals to promote access to high-quality innovative and generic medical products.

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

In 2014, the Administration's efforts to support globally competitive U.S. exports will cover the spectrum of U.S. sectors, notably including manufacturing and agriculture. We will promote measures to facilitate trade and job-supporting exports in both key sectors worldwide.

U.S. manufacturing will play a key role in the future of our economy. As American manufacturers increase our capacity to produce more advanced and value-added goods, consumers around the world continue to place a high value on products made in America. In 2012, the United States exported nearly \$1.4 trillion of manufactured goods, which accounted for 87 percent of all U.S. goods exports and 61 percent of U.S. total exports. To support the growth of advanced manufacturing and associated high-quality jobs here at home, in 2014 the Obama Administration will continue to pursue trade policies aimed at keeping American manufacturers competitive with their global peers. Throughout our trade negotiations, we aim to level the playing field between state-owned enterprises (SOEs) and private firms. We also seek to ensure that the rules of origin and the global supply chain provisions create incentives for manufacturers to locate in the United States. In addition to concluding ITA expansion negotiations, we will seek to negotiate and implement Telecommunications Mutual Recognition Agreements (MRAs) with select countries to facilitate U.S. exports of telecommunications equipment.

Since the beginning of the Obama Administration the agricultural sector has been a bright spot for exports, supporting nearly one million American jobs throughout the U.S. agricultural supply chain. In 2013, U.S. farmers and ranchers exported a record \$148.4 billion of food and agricultural goods to consumers around the world. In 2014, the Administration will focus on opening and maintaining export markets for food and agriculture, and continue to advocate for science-based standards in support of additional exports of U.S. agricultural products. To realize the full benefits of our existing trade agreements, including those that entered into force in 2012, we will continue to use the consultative mechanisms established in each agreement to ensure that all relevant commitments are upheld, including commitments related to agricultural market access and to applying science-based sanitary and phytosanitary (SPS) standards to U.S. agricultural exports. We will also work with other key trading partners such as Russia, China, and Japan using a full range of trade tools, to secure market access for U.S. food and agricultural exports that is consistent with science-based SPS standards. Our efforts in agriculture also will include an ongoing push in plurilateral discussions on aligning regulatory approaches affecting trade in products derived from modern biotechnology in order to both grow U.S. agricultural exports and improve global food security. Additionally, in the course of the TPP and T-TIP negotiations, and in parallel with those negotiations, we will engage with our key trading partners to resolve specific and challenging agricultural bilateral trade concerns, and will ensure that we secure market access consistent with science-based SPS standards.

### *Combat Emerging Nontariff Barriers to Trade and Investment*

The Administration is engaging in an ongoing effort to tackle emerging issues that increasingly affect trade in the 21st century. In the TPP and T-TIP trade negotiations, for example, the United States is seeking new disciplines to address trade distortions and unfair competition associated with the increasing participation of large SOEs in international trade. We are also actively combating "localization barriers to trade," which are measures designed to protect, favor, or stimulate domestic industries, service providers, and/or intellectual property at the expense of the industries, service providers, and IP rights holders of other countries. The use of these localization barriers has increased in the last few years, especially in some of the world's largest and fastest growing markets. Such measures distort trade, create an uneven playing field for exporters, and limit or deny domestic businesses' and consumers' open access to a wide range of goods and services. In 2014, we will seek to reduce their distortionary effects with key trading partners around the world, and particularly throughout Asia.

Many high-wage, high-skill American jobs depend on the ability of multinational firms to invest both in the United States and abroad. According to the latest data available from the U.S. Department of Commerce, U.S.-based multinational firms employ 23 million Americans and pay compensation an estimated 33 percent higher than the U.S. private sector average. The United States in 2014 will seek to advance trade-enhancing investment measures with key trading partners in order to continue attracting the best jobs and industries to U.S. shores. Building on successful past efforts, we will seek to secure high-standard Bilateral Investment Treaties (BITs) with trading partners such as China, India, and Mauritius; explore BIT discussions with Cambodia, Gabon, Ghana, and Russia, and a regional investment agreement with the East African countries; and launch new BIT negotiations with appropriate partners around the world.

### *Advance Trade Policy that Reflects Our Values*

The United States is a strong supporter of internationally recognized worker rights as a matter of both human rights and trade policy. Countries that fail to adequately address substandard labor conditions do not just harm their own citizens. Poor labor standards in one country can significantly affect workers everywhere else by incentivizing a global race to the bottom, thus unfairly distorting global markets. The Obama Administration believes that by improving labor rights through our trade initiatives abroad we can simultaneously uphold and promote U.S. values, strengthen the ability of American workers here at home to have a fair shot at competing on a level playing field in the global marketplace, and help grow a larger middle class in our trading partners that will fuel demand for U.S. goods and services.

That is why we seek to negotiate high standard labor provisions in all of our comprehensive trade agreements, and to ensure that U.S. trading partners meet their obligations related to worker rights. In the coming year, we will seek to strengthen the respect for and protection of labor rights through our major trade negotiations. This includes finalizing the labor chapter of the TPP while also working with our TPP negotiating partners to identify any of those countries' labor laws and related practices that may be inconsistent with the TPP obligations and ensure that they are brought into compliance. Similarly, we will use the unique opportunity afforded to us in the T-TIP to negotiate obligations that protect worker rights and set a high bar for other trade negotiations in the rest of the world. More broadly, we will focus on the effectiveness of rule of law, implementation of the numerous agreements we have entered into, and our work with key trading partners around the world to address specific labor issues. In all these cases, USTR will continue to insist that commitments we negotiate to protect labor rights are subject to the same dispute settlement procedures and enforcement mechanisms as commercial obligations in our trade agreements.

In 2014, we will continue to work with the U.S. Department of Labor, the U.S. Department of State and the Government of Colombia to advance the implementation of the Colombia Action Plan Related to Labor Rights, a critical complement to the United States-Colombia Trade Promotion Agreement. We will continue to consult with Bangladesh on implementation of the Generalized System of Preferences (GSP) Action Plan developed after the President suspended GSP benefits in June 2013. This Action Plan lists specific actions that Bangladesh should take to provide a basis for reinstatement of GSP benefits.

Following the first dispute settlement case filed under the labor provisions of a U.S. trade agreement, the Administration will continue to engage with the Government of Guatemala, as well as our partners in the labor movement, on the Enforcement Plan signed in April 2013 by the United States and Guatemala. Our goal is to ensure that the Enforcement Plan is fully implemented to address significant concerns about the enforcement of Guatemala's labor laws. We will also follow through on consultations invoked under the United States-Bahrain Free Trade Agreement to improve respect for labor rights in that country. In addition, we will aim to strengthen cooperation and engagement on labor protections with a number of

trading partners. This includes engagement with the Dominican Republic as part of our follow-up to the report issued by the U.S. Department of Labor related to labor law enforcement in the sugar sector. As part of the U.S. Labor Department's review of the submission received from the AFL-CIO and 26 Honduran unions and non-governmental organizations, we will continue to engage with the Honduran government and stakeholders. USTR will also continue our worker rights reviews under GSP and the African Growth and Opportunity Act (AGOA). In each of these cases, our goal is to assist countries to resolve the labor matters raised so that workers are able to exercise their rights and working conditions are improved.

The Obama Administration also recognizes that our trade agenda must include strong provisions on trade-related environmental issues and has taken the lead to ensure that our trade agreements are part of the solution to pressing international environmental challenges. In 2014, we will continue to pursue trade policies to open markets and advance environmental goals at the same time. We will seek strong environmental protection commitments in ongoing trade negotiations like the TPP and T-TIP, in particular in ground-breaking new areas such as fisheries and conservation. We will also continue to ensure that our trading partners commit to effectively enforce environmental laws, including laws implementing Multilateral Environmental Agreements (MEAs), and not to derogate from such laws or reduce environmental protections in order to encourage trade or investment. Much like our efforts to protect labor rights, USTR will continue to press for environmental protection commitments to be subject to the same dispute settlement procedures and enforcement mechanisms as commercial obligations in our trade agreements.

In addition, we will work with the world's largest traders of environmental goods to eliminate tariffs on these products through a WTO negotiation we commenced on January 24, 2014, initially involving countries representing nearly 90 percent of this \$1.4 trillion market. Eliminating tariffs on goods that help us protect our environment, such as renewable and clean energy technologies, reduces prices and increases their availability. This, in turn, enhances our efforts to combat climate change. USTR will also continue to work in APEC to further open markets for environmental goods, including by working to address nontariff barriers.

In 2014, we will continue to closely monitor the implementation of environmental obligations under existing trade agreements as well. For example, we will work with the Government of Peru, the Interagency Committee on Trade in Timber Products, and stakeholders to monitor implementation of the United States-Peru Trade Promotion Agreement forestry annex and 2013 bilateral action plan, and increase efforts to combat illegal logging in Peru and support forestry reform efforts there. We will also continue to engage with the Governments of Colombia and Panama regarding ongoing implementation of their obligations under the Environment Chapters of the Colombia and Panama FTAs, including the establishment of independent secretariats to receive public submissions regarding effective enforcement of environmental laws.

Furthermore, the United States is a leading voice for access to medicines for the world's poor in developing countries, and strongly believes that our trade agreements should reflect this principle. For example, we believe the best approach to addressing pharmaceutical intellectual property in the TPP negotiations involves offering countries flexibility based on their individual circumstances. We will continue to work with TPP partners in 2014 to strike the right balance to make life-saving medicines more widely available, while maintaining incentives for the development of new treatments and cures.

Meanwhile, here at home, the Administration is committed to working with the Congress to renew the Trade Adjustment Assistance (TAA) programs, which expired on December 31, 2013, to provide critical support for Americans facing short-term trade-related transitions. Without TAA, we risk allowing hard working American families to slide down the economic scale and out of the middle class. TAA provides

resources to eligible workers to develop new skills that are essential for employment in vital growth industries of the 21st century economy. As the Obama Administration works hard to create and maintain open markets and support jobs through trade, we must also be mindful of our responsibility to ensure that trade policy reflects our values and keeps faith with American workers impacted by global competition.

These goals are critical to the Administration's broader efforts to ensure a balanced, growing global economy in which workers in the United States and abroad share in the benefits of trade and globalization, while also advancing our collective commitment to environmental stewardship and the protection of public health.

## **II. Enforce U.S. Trade Rights Around the World**

A robust international trading system offers the greatest economic benefits when all trading partners abide by their commitments and play by the same rules. The Administration recognizes that vigilant monitoring and rigorous enforcement of U.S. trade rights is absolutely essential to growing our economy and defending the livelihoods of hard-working Americans. It is for this reason that President Obama has placed trade enforcement on a par with opening markets for U.S. exports. Consequently, the United States will use every appropriate tool at our disposal, including dialogue, negotiation, and dispute settlement, to fight a variety of unjust trade barriers until the rights of America's working families are fully realized.

In 2014, the Obama Administration will continue to monitor and enforce WTO obligations, along with those in our bilateral, plurilateral, and regional trade agreements. As we continue to defend and enforce U.S. trade rights, our goal remains to ensure that Americans can compete successfully in world markets where intellectual property is protected, labor and environmental standards are enforced, agricultural and industrial regulations are based on science, and transparent rules and regulations are applied without discrimination.

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

The WTO's dispute settlement system plays an indispensable role as the preeminent forum for the discussion and adjudication of disputes with our trading partners. In 2014, we will continue to use dialogue when possible and WTO dispute settlement when necessary to help preserve and support American jobs threatened by WTO-inconsistent practices. We will continue to pursue cases currently pending in various stages of dispute settlement. Additional cases may also be brought as appropriate to enforce WTO commitments and to remove potentially WTO-inconsistent practices identified through our investigations.

As a top priority for the United States in 2014, we will continue to hold China accountable to its WTO obligations to ensure that U.S. producers and workers have a level playing field to compete in a wide range of industries. We secured key legal victories last year through the WTO dispute resolution process, such as the WTO's 2013 findings that China's antidumping and countervailing duties on chicken broiler products breached WTO rules. This successful outcome is a clear example of our winning strategy of fighting back against China's misuse of its trade remedies laws to ensure that China does not unfairly block U.S. exports.

Going forward, we will continue to work cooperatively with the EU and Japan as we prosecute a dispute involving China's unfair export restraints on rare earths, tungsten, and molybdenum. This action is a prime example of our ongoing efforts to fight for U.S. manufacturing jobs and to defend manufacturers' trade rights to access key industrial inputs on a non-discriminatory basis.

At the same time, we will vigilantly monitor China's current and future actions involving cases where the United States prevailed at the WTO to ensure that the fruits of America's hard-earned trade rights can be fully harvested. This includes taking all available and appropriate actions to encourage China's compliance with WTO rulings against its distortionary trade measures on electronic payment services and its unfair duties levied against exports of U.S. steel.

The United States remains prepared, as it has been over the last several years, to engage in any meaningful efforts that will advance the goal of ending WTO-inconsistent subsidies for aircraft at the earliest possible date. Tens of thousands of jobs for U.S. aerospace engineers, electricians, and related suppliers depend on U.S. aircraft manufacturers being able to compete globally on a level playing field. That is why we continue to pursue a compliance panel proceeding launched in April 2012 due to the EU's failure to comply with the WTO's 2011 findings that \$18 billion in subsidies conferred on Airbus by the EU and member countries were WTO-inconsistent. At the same time, the United States is vigorously defending U.S. interests in the compliance challenge brought by the EU.

Restrictions on agricultural trade must be consistent with WTO rules requiring sanitary and phytosanitary measures to be based on science. Therefore, in 2014, the United States will continue to pursue its WTO challenge to India's prohibition on the importation of certain U.S. agricultural products, including poultry meat and chicken eggs. Although India's measure purports to be concerned with preventing avian influenza, the measure does not have a scientific basis and is not in line with international standards. A decision is expected this year.

The United States will also continue to pursue its dispute settlement proceedings with Indonesia regarding its import restrictions that seriously impede trade in horticultural products animals and animal products. In 2013, the United States held two rounds of consultations with Indonesia to discuss those regulations that appear to be inconsistent with Indonesia's WTO obligations. In the second set of consultations, the United States was joined by New Zealand, which appears similarly to be harmed by Indonesia's restrictions.

The United States will continue to defend vigorously its right to utilize trade remedies, including antidumping and countervailing duties, consistent with WTO rules. We will also work to combat the misuse of such trade remedies by our trading partners. In addition to actions mentioned above in disputes on Chinese duties on steel and chicken broiler products, in 2014, we will continue our challenge through the WTO dispute settlement panel proceedings of China's imposition of antidumping and countervailing duties on more than \$3 billion in exports of American automobiles. Following our initiation of the dispute, China withdrew the antidumping and countervailing duties. Nonetheless, we continue to seek through WTO dispute settlement confirmation that the measures never should have been imposed in the first place.

#### *Deploy a "Whole-of-Government" Coordinated Approach to Maximizing the United States' Trade Enforcement and Monitoring Efforts*

In 2014, the Interagency Trade Enforcement Center (ITEC) will continue to play a critical role in the Obama Administration's enforcement efforts. ITEC brings together resources and expertise from across the Federal government into one organization reporting to the USTR. ITEC includes staff from a variety of agencies with a diverse set of language skills and expertise, including intellectual property rights, subsidy analysis, economics, agriculture, and animal health science. This collaborative structure provides the Administration with increased capabilities to investigate unfair trading practices. ITEC is significantly enhancing the Administration's capacity to proactively enforce U.S. trade rights.

For example, through ITEC the United States will continue to push further and dig deeper into the complex web of industrial policies and bureaucratic systems of key trading partners like China. This increased base of knowledge provides our negotiators and litigators with improved information that enables a more effective and efficient deployment of resources, thus enhancing our ability to prevail in key disputes. ITEC will also continue to research, with assistance from U.S. industry, support provided by China and other governments to various industries with a view to assessing compliance with WTO obligations. Furthermore, ITEC will continually monitor compliance of other key trading partners, such as Russia, Brazil, and India, with their WTO commitments in coordination with trade experts from across the U.S. Government.

#### *Monitor New Trade Agreement Implementation to Maximize Benefits for American Exporters*

Building on the achievements of the last four years, in 2014 we will work with Korea, Colombia, and Panama to ensure that the bilateral trade agreements that went into effect in 2012 are fully implemented and continue to operate smoothly. On January 1, 2014, both the United States and Korea implemented the third annual tariff reductions under the United States-Korea Free Trade Agreement. Moving forward in 2014, the United States and Korea will jointly convene relevant committees and working groups established under the agreement as necessary to ensure continuing implementation of its provisions. We will also continue to work with the governments of Colombia and Panama to ensure that both countries adhere to their commitments under their bilateral agreements with the United States. At the same time, the Administration will undertake comprehensive efforts to help U.S. exporters of all sizes take full advantage of the job-supporting trade opportunities that these agreements make possible.

#### *Intensify WTO Committee Work to Increase Accountability Among Members*

The day-to-day work of the WTO's standing committees and other bodies provide opportunities for the United States to monitor implementation of WTO commitments and raise specific trade concerns. The United States has successfully reenergized the daily work of the WTO, from pushing for strong results in the Triennial Review in the Committee on Technical Barriers to Trade, to raising concerns with new trade-restrictive measures in the Import Licensing Committee, Committee on Sanitary and Phytosanitary Measures, and Council for Trade in Goods. In 2014, we will continue to utilize WTO committees and other WTO bodies to challenge new protectionist measures and consider approaches that can improve implementation of WTO commitments and build on these commitments.

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

The United States continues to promote mutual accountability and shared ambition as we work to strengthen our international trade relationships and support U.S. jobs through a variety of trade and investment avenues. In addition to our ongoing trade negotiations with partners in Asia, Europe, and around the world, in 2014 the United States will maintain steady engagement with trading partners to maintain open markets and create additional bilateral and regional trade and investment opportunities to help increase U.S. exports and grow our economy.

#### *China*

President Obama is committed to ensuring that U.S. engagement with China focuses on providing American exporters with a level playing field to compete in China's large and growing market. Moving forward, the Obama Administration will seek to enhance cooperation toward common objectives on the basis of our shared responsibility to sustain global economic growth and stability.

Our efforts to promote healthy and equitable trade with China will build on recent progress in several areas. Bilateral engagement in 2013 – through the Joint Commission on Commerce and Trade and the Strategic and Economic Dialogue, as well as the Innovation Dialogue and other key working groups and bilateral fora – was productive, though there is more work ahead of us. In 2014, we will pursue our trade objectives with China using all available tools, including dialogue, negotiation, and enforcement when appropriate as we seek to eliminate market access barriers and increase transparency across all sectors. We will work to substantially advance BIT negotiations with China to secure improved market access and important protections, consistent with our negative list approach and a commitment to national treatment in the pre-establishment phase. We will seek to make real progress on China’s Government Procurement Agreement accession negotiations, including by deepening engagement on difficult systemic issues such as SOEs and sub-central coverage and China’s domestic procurement regimes. We will work with China to improve intellectual property protection and enforcement through a number of avenues, recognizing that a strong rule of law is essential to encourage and support continued innovation.

In 2014, we will also seek timely and thorough implementation of China’s past commitments, including those relating to various measures impeding imports of U.S. goods, such as food and agricultural products, information technology and telecommunications equipment, medical devices, and an array of other manufactured products.

#### *Russia*

In 2014, the United States will seek to improve the United States-Russian trade and investment relationship by urging Russia to implement fully its WTO commitments, while also continuing our bilateral dialogue to address stakeholders’ other important concerns. Last year, we inaugurated two annual reports on Russia in the WTO – one on WTO Enforcement and one on WTO Implementation. We believe that Russia has taken many important steps to implement the WTO Agreement in most areas, but at the same time there are several areas where more progress is needed. We will monitor Russia’s implementation of its WTO obligations in 2014 and take any actions necessary to ensure that U.S. exports are treated consistently with those commitments. We will also seek to make progress on systemic issues aimed at bolstering bilateral trade and investment.

#### *India*

Increasing trade and investment between the United States and India is critical to enhancing the dynamism of this important economic relationship. Two-way U.S.-India trade in goods and services in 1980 was only \$4.8 billion; since then, it has skyrocketed to an estimated \$105 billion in 2013. India’s economic growth and development could support significantly more U.S. exports in the future, particularly if India avoids adopting trade-restrictive measures and opens its market at a level commensurate with its increasing role in global trade. In 2014 we will engage with India in a variety of ways to increase opportunities for U.S. investment in and exports to India’s large and growing market. To enable U.S. investors to do business with greater certainty and predictability in India, we will continue to pursue negotiations for a high-standard BIT. We will also continue to utilize the U.S.-India Trade Policy Forum to establish a regular, productive trade policy dialogue, address concerns, and engage with the Government of India on a wide range of trade and investment issues, including concerns related to intellectual property rights protection and potentially trade-restrictive localization policies.

#### *The Americas*

The United States maintains strong economic ties with its trading partners throughout the Western Hemisphere. Boasting a combined goods and services trade totaling nearly \$2 trillion, we seek to build

upon an extensive web of existing bilateral and regional trade agreements to further enhance U.S. export opportunities in the region. In 2014, the United States will work closely with Canada and Mexico, bilaterally and as TPP partners, to deepen our partnerships, enhance North American competitiveness, and address barriers to U.S. exports. In addition, we will develop a strategy to foster fair trade in the North American lumber market in the lead-up to the expiration of the U.S.-Canada Softwood Lumber Agreement in 2015.

Strong growth in trade and investment flows between the United States and Brazil continue to promote job-supporting, two way trade and investment with Brazil through the U.S.-Brazil Agreement on Trade and Economic Cooperation. In 2014, we will work to continue to grow our exports and deepen our trade and investment policy engagement with Brazil. In addition, we will continue to work with Brazil to negotiate a long-term mutually agreeable solution to the ongoing WTO dispute on cotton, preventing costly retaliatory countermeasures from damaging American consumers and exports.

Trade between the United States and Central America and the Caribbean remains strong. Consequently, the United States will continue to work with our partners in Central America and the Dominican Republic, both bilaterally and through the CAFTA-DR, to promote job-supporting, mutually beneficial trade and investment. In 2014, the United States will work to deepen trade its relationships with CAFTA-DR partners to strengthen implementation of the trade agreement, facilitate trade, and address outstanding issues related to IP, SPS measures, worker rights, and customs and border measures, among others.

In 2014, we intend to hold our second meeting under the updated U.S.-CARICOM Trade and Investment Framework Agreement signed by Vice President Biden and President Martelly of Haiti in 2013 as we continue to deepen engagement and expand opportunities for trade with these key neighboring countries.

#### *Sub-Saharan Africa*

The United States will also intensify engagement with trading partners in sub-Saharan Africa to advance key trade and investment initiatives. In 2014, President Obama will hold the first United States-Africa Leaders Summit to build stronger economic ties with the continent. We will conclude a comprehensive review of the AGOA program, develop recommendations on revisions to the program, and work with Congress on a timely renewal of the AGOA program, which is scheduled to expire in September 2015. We will also work to significantly advance President Obama's Trade Africa Initiative, including exploration of launching an investment treaty with the East African Community (EAC); working with the EAC to implement trade facilitation measures; developing a U.S.-EAC commercial dialogue work plan, and establishing trade capacity building priorities with the EAC; and enhancing cooperation on trade facilitation (including effective implementation of the related WTO multilateral decision), sanitary and phytosanitary (SPS) and technical barriers to trade (TBT). We also aim to complete negotiations of a U.S.-ECOWAS Trade and Investment Framework Agreement with the West African Economic Community. Further, we will use bilateral mechanisms such as Trade and Investment Framework Agreements (TIFAs) and BITs to strengthen trade and investment relationships with key African partners.

#### *The Middle East and North Africa*

This year, the United States will work with regional partners through various forms of engagement (including free trade agreement Joint Committees, TIFA Councils, and other arrangements) to continue developing the President's Middle East and North Africa Trade and Investment Partnership (MENA TIP) initiative. We will aim in particular to advance with MENA countries several proposals, including agreements on trade facilitation, joint principles on foreign investment, and joint principles on information and communication technology services trade. In addition, we will engage governments on a further range of issues identified by stakeholders as important to better trade relations, such as intellectual

property rights, services, government procurement, small and medium enterprise support and labor practices. We will also seek where possible to craft and pursue initiatives that can help lay the groundwork for the greater economic integration among MENA countries which will be critical to the future prosperity of the region.

In our interactions with another important partner, Turkey, we will utilize the senior-level Framework for Strategic Economic and Commercial Cooperation consultative mechanism, as well as policy initiatives under the bilateral High Level Committee, established in 2013, to enhance U.S. trade and investment with one of the strongest economies in the region.

#### *Regional Engagement to Expand Trade Opportunities*

More broadly, the Obama Administration seeks to strengthen our economy by negotiating high-standard regional agreements that complement our bilateral trade policy efforts. Advancing regional economic integration remains a key objective of the Asia-Pacific Economic Cooperation (APEC) forum. This year, the United States will continue to play an active leadership role in APEC, working closely with China, the host country, and APEC partner economies to achieve concrete and meaningful trade and investment outcomes by the APEC Leaders' and Minister's Meeting in late 2014. In particular, we seek to advance initiatives on supply chain performance, good regulatory practices, global value chains, intellectual property, environmental goods and services, and innovation and trade policy.

In 2014, the United States also will intensify work to enhance regional trade and investment with partners in the Association of Southeast Asian Nations (ASEAN). We aim to conclude agreements with ASEAN under the Expanded Economic Engagement (E3) Initiative and the U.S.-ASEAN Trade and Investment Framework Arrangement. To complement robust engagement through ASEAN and other regional fora, the United States will work bilaterally with trading partners across Southeast Asia to address trade and investment barriers and enhance mutual economic growth and development.

In May of last year, the United States and Burma signed a Trade and Investment Framework Agreement, creating a platform for ongoing dialogue and cooperation on trade and investment issues between the two governments. In 2014, a priority for the United States will be to work with the government of Burma to achieve further improvements in the protection of worker rights, a longstanding area of concern to U.S. stakeholders and the international community.

Additionally, USTR looks to build upon the work conducted last year under our innovative plurilateral Trade and Investment Framework Agreement with the five countries comprising Central Asia. In 2014, we will continue our dialogue and capacity building efforts to promote trade, investment, and regional cooperation throughout Central Asia to encourage countries to adopt rules-based market reforms and further integrate into the global economy. Furthermore, we will seek to normalize our trade dialogue with Iraq.

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

The United States will continue to work with poor countries to lift people out of poverty and foster opportunity through expanded trade and stronger economic growth. Whether through preference programs or new initiatives to increase trade and trade capacity in developing countries, promoting economic development by creating trade opportunities for some of the world's least-advantaged countries today can help to reduce corruption and violence, and increase the likelihood of societal change through peaceful, democratic means. Many regions of the developing world hold considerable potential for

economic growth. The Obama Administration's efforts to help developing countries to build capacity to harness the power of trade also helps U.S. producers and exporters by enhancing their opportunities to connect with billions of new customers abroad. Expanding our trade with the developing world supports jobs and economic growth here at home.

The Administration is seeking to build upon recent trade and investment initiatives in developing countries. In June 2013, President Obama announced the launch of Power Africa, a new initiative to help Africa leverage its vast resources to meet its energy needs and increase its global competitiveness. Through Power Africa the United States will work with African governments to reform their energy and power sectors to attract private investment and ensure that energy resources are responsibly developed and effectively deployed.

U.S. trade preference programs provide opportunities for the world's poorest people to climb out of poverty. In support of this goal, the Administration will work with Congress this year to renew authorization of the Generalized System of Preferences (GSP) program. The oldest and most widely used U.S. trade preference program, GSP helps beneficiary developing countries to expand their economies by allowing many goods from these countries to be imported to the United States duty-free. The GSP program also aids American manufacturing by lowering the cost of imported goods used as inputs in U.S. production. In 2014, the Administration will continue to administer our U.S. trade preference programs in a manner that contributes to economic development in beneficiary countries while also addressing relevant statutory eligibility criteria, such as progress on worker rights and enforcement of intellectual property rights. We will also work with Congress to consider possible reforms to the GSP program to take into account evolving global trade relations, including the growing competitiveness of many emerging market GSP beneficiaries.

Our efforts to renew and reform AGOA are also an important part of our development strategy. Created in 2001, AGOA has increased and diversified two-way U.S.-sub-Saharan African trade, helping to facilitate a three-fold increase in non-oil exports from AGOA beneficiary countries to the United States, which totaled nearly \$4.8 billion in 2012. The United States will also conduct a comprehensive review of AGOA to ensure that any future AGOA program works effectively to benefit both Africa and the United States. We will utilize the results of this review to inform consultations with Congress on renewal options for the AGOA program beyond 2015.

The United States will also continue to lead multilateral efforts to assist least developed countries (LDCs) to become better integrated into the global trading system. This commitment was evidenced last December at the 9th Ministerial Conference of the WTO, where the United States helped lead like-minded Member countries to establish a new package of development outcomes that align with our goals of alleviating poverty and improving economic opportunities through trade policy. Recognizing the importance of LDCs achieving their development objectives, WTO Members have in the past agreed on four LDC-specific elements, namely a political commitment on duty-free and quota-free market access, preferential rules of origin, waivers for LDC services suppliers, and enhanced transparency and monitoring in relation to exports of African cotton. In 2014, we will advance work at the WTO to monitor these commitments so that LDC exporters are able to benefit from these preferential trade provisions, grow their economies, and thereby increase two-way trade with the United States.

The United States also strongly supports efforts to expand opportunities for women and women entrepreneurs throughout the global economy. This work stems from the recognition that trade and the financial independence it fosters can be a powerful instrument for empowering women and raising their status within traditional societies. In 2014, the United States will continue efforts to strengthen women's entrepreneurship through the APEC Women and the Economy initiative, and in other fora such as the WTO, to improve women's ability to participate in and reap the benefits of trade. In particular, we will

seek to build upon a Memorandum of Understanding (MOU) with Afghanistan that sets out how we will work together to encourage greater involvement of women in trade and investment. MOUs on women's empowerment with other regional trading partners are being considered, and women's issues have been an important agenda item in all of our TIFA meetings throughout the South and Central Asia region.

## **V. Inform the Public and Develop Balanced Trade Policy from Diverse Perspectives**

In 2014, while Congress considers new legislation to assert its role in trade policy through a renewal of trade promotion authority, the Obama Administration will continue to consult with Congress and seek input from a wide range of advisors, stakeholders, and the public at large to develop and sustain U.S. trade policies that support American jobs and strengthen the global trading system. This dialogue is critical at every stage of the negotiating process, and for our efforts to ensure implementation and robust enforcement of trade rules. Throughout these processes, we seek to craft trade policy solutions that are balanced and responsive to a diverse array of American voices.

In the TPP negotiations, for example, the Administration has already held consultations with Congress on more than 1,150 separate occasions and will continue to schedule such consultations into 2014. We have continued to share texts of U.S. proposals with Members and to solicit specific input, both as to policy and as to text, at every stage of the negotiation.

The Administration has also been working with a series of advisory committees established by Congress. These include the President's Advisory Committee on Trade Policy Negotiations (ACTPN), the Agricultural Policy Advisory Committee (APAC), the Intergovernmental Policy Advisory Committee (IGPAC), the Labor Advisory Committee (LAC), the Trade Advisory Committee on Africa (TACA), the Trade and Environment Policy Advisory Committee (TEPAC), as well as six Agricultural Technical Advisory Committees (ATACs) and sixteen Industry Trade Advisory Committees (ITACs). Among the advisory committee members are industry representatives, labor unions, environmental groups, consumer groups, health groups, state and local governments, and academia. These committees are provided and have an opportunity to comment on all draft U.S. proposals before they are shared with other countries, and have been encouraged to provide other input throughout the negotiations.

Further, the Administration has cast a wider net to draw in the views of stakeholders and the public more generally, and to share information with them. These efforts have included solicitation of public comments regarding negotiating aims and objective through notices in the *Federal Register*, open invitations to stakeholders to meet with U.S. and foreign officials from the early stages of the TPP talks to the present round, dissemination of trade policy materials such as press releases, factsheets and statements on the website of the United States Trade Representative, and direct and constant outreach by U.S. trade officials to solicit, obtain, and incorporate public input in the course of their daily work.

These efforts will continue and intensify this year. In February 2014, the Administration announced the creation of a new Public Interest Trade Advisory Committee (PITAC). All eligible stakeholders – including NGOs, academics, and other public interest groups – are encouraged to submit their candidates to serve as founding members of the PITAC. Additionally, consistent with the statute, the Administration is soliciting qualified candidates to serve on the ITACs during the 2014 – 2018 charter term that are representative of industry, agriculture, services, and labor interests.

In a variety of other areas, we will continue to engage with stakeholders from non-governmental organizations, academia, labor unions, trade associations, environmental and consumer groups, the business community, including small businesses, and a variety of other perspectives that will collectively

help to inform and guide our trade policy decisions. We will strengthen our relationships with states and localities through enhanced engagement with the National Governors Association, the National Conference of State Legislatures, the U.S. Conference of Mayors, and outreach to state and local elected officials.

## **Conclusion**

The Obama Administration is pursuing an ambitious trade policy that supports jobs, promotes growth and strengthens the middle class. We are opening markets and raising standards, consistent with our values. Thanks to these efforts, U.S. producers and exporters are selling more goods and services around the world than ever before, and we are steadily raising environmental and labor standards in our partner countries. In 2014, we look forward to engaging with our global trading partners, with Congress, and with the American public to ensure that trade continues to move the country forward toward President Obama's goal of an economy that will sustain and grow a thriving American middle class in the 21st century.

**Ambassador Michael Froman**  
**United States Trade Representative**  
**March 3, 2014**