III. BILATERAL AND REGIONAL NEGOTIATIONS AND AGREEMENTS

A. Free Trade Agreements

1. Australia

The United States-Australia Free Trade Agreement (FTA) has supported significant increases in bilateral trade and investment with Australia, creating high paying jobs and new economic opportunities in both countries. Since the FTA entered into force, two-way goods trade has increased 67 percent, from $21.5 billion in 2004 to $36 billion in 2015. Two-way services trade more than doubled in the same period, from $10.4 billion in 2004 to $26.1 billion in 2014 (latest data available). The United States had a $14.2 billion goods trade surplus in 2015 and a $12.6 billion services trade surplus in 2014 (latest data available) with Australia. In 2015, the U.S. Government continued cooperative work with Australia on a number of plant and animal health issues in order to facilitate expanded trade in agricultural products. The United States and Australia also worked together throughout 2015 to monitor FTA implementation. In addition, the United States and Australia have been close partners in the Trans-Pacific Partnership (TPP) negotiation (*see the section on the Trans-Pacific Partnership, Chapter III.B.5*) as well as through WTO, APEC, and other regional initiatives.

2. Bahrain

The United States-Bahrain Free Trade Agreement (FTA), which entered into force on August 1, 2006, continues to generate export opportunities for the United States. Since the FTA entered into force, two-way trade has doubled from $1.1 billion to $2.2 billion. The FTA provided for 100 percent of the two way trade in industrial and consumer products to flow without tariffs from the date of its entry into force. In addition, Bahrain opened its services market, creating important new opportunities for U.S. financial service providers and U.S. companies that offer telecommunication, audiovisual, express delivery, distribution, healthcare, architecture, and engineering services. The United States-Bahrain Bilateral Investment Treaty (BIT), which took effect in May 2001, covers investment issues between the two countries.

To manage implementation of the FTA, the agreement establishes a central oversight body, the United States-Bahrain Joint Committee (JC), chaired jointly by USTR and Bahrain's Ministry of Industry and Commerce.

During 2015, U.S. government officials continued to engage with officials from Bahrain's Ministries of Labor, Industry and Commerce, and Foreign Affairs, as well as labor unions and business representatives, to address labor rights concerns highlighted during consultations that began in 2013 under the United States-Bahrain FTA. Areas of ongoing discussion include: compliance with labor laws related to anti-union practices; collective bargaining issues (particularly in the context of recent reforms that allow for multiple unions in the workplace); and improving Bahrain's capacity to respond to cases of employment discrimination. The government of Bahrain signed an agreement during 2014 with the General Federation of Bahrain Trade Unions and the Bahrain Chamber of Commerce and Industry to address many of these concerns, including employment discrimination. That agreement led to the closing of a complaint filed with the International Labor Organization by Bahrain's unions. However, local stakeholders report that challenges remain in fulfilling the terms of the agreement.

3. Central America and the Dominican Republic

Overview

On August 5, 2004, the United States signed the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR or Agreement) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. CAFTA-DR creates economic opportunities by eliminating tariffs, opening markets, reducing barriers to services, and promoting transparency. The Agreement is facilitating trade and investment among the seven countries and furthering regional integration.

Central America and the Dominican Republic represent the third largest U.S. goods export market in Latin America, behind Mexico and Brazil. U.S. goods exports to the CAFTA-DR countries were valued at $28.9 billion in 2015. Combined total two-way trade in 2015 between the United States and Central American CAFTA-DR Parties and the Dominican Republic was $52.6 billion.

The Agreement has been in force since January 1, 2009, for all seven countries that signed the CAFTA-DR. It entered into force for the United States, El Salvador, Guatemala, Honduras, and Nicaragua during 2006, for the Dominican Republic on March 1, 2007, and for Costa Rica on January 1, 2009.

Elements of the CAFTA-DR

Operation of the Agreement

The central oversight body for the CAFTA-DR is the Free Trade Commission (FTC), composed of the U.S. Trade Representative and the trade ministers of the other CAFTA-DR Parties or their designees. The CAFTA-DR Coordinators, who are technical level staff of the Parties, met in December 2014 in Washington, D.C. and in March 2015 in the Dominican Republic to define the agenda and undertake the preparatory work for the third meeting of the FTC to be held in the Dominican Republic on March 26, 2015. During the FTC meeting, the CAFTA-DR Parties reviewed the implementation of the Agreement and accomplishments of the CAFTA-DR committees and institutions. The FTC also endorsed various means to enhance regional trade and competitiveness and further strengthen the operation of the Agreement.

In this tenth year of the CAFTA-DR, U.S. export and investment opportunities with Central America and the Dominican Republic continue to grow. On January 1, 2015, all the CAFTA-DR partners committed to strengthening trade facilitation, regional supply chains, and implementation of the Agreement. All U.S. consumer and industrial goods may enter duty free in all the other CAFTA-DR countries' markets. Nearly all U.S. textile and apparel goods meeting the Agreement's rules of origin have been entering the other CAFTA-DR countries' markets duty free and quota free, promoting regional integration and opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing companies. Also under the CAFTA-DR, more than half of U.S. agricultural exports now enter the other CAFTA-DR countries' markets duty free. The majority of remaining tariffs on nearly all U.S. agricultural products will be eliminated by 2020, with a few of the most sensitive products having slightly longer phase-out periods. For certain products, tariff-rate quotas permit some duty-free access for specified quantities during the tariff phase-out period, with the duty-free amount expanding during that period.

Labor

Guatemala

On September 19, 2014, the United States moved ahead with the dispute settlement proceedings for the labor enforcement case brought by the United States against Guatemala under the CAFTA-DR that had previously been suspended while the disputing Parties worked together on a labor Enforcement Plan. Upon resumption of the dispute, Guatemala and the United States exchanged written submissions pursuant to the Rules of Procedure for dispute settlement under the CAFTA-DR. Eight nongovernmental entities also provided written submissions to the arbitral panel regarding the dispute. On June 2, 2015, a hearing was held in Guatemala City during which the arbitral panel received the oral submissions of both disputing Parties. The proceedings were suspended on November 4, 2015, when a panelist resigned from the panel, and resumed on November 27, 2015, with a new panelist. The panel's final report is expected in 2016. For additional information, visit https://ustr.gov/issue-areas/labor/bilateral-and-regional-trade-agreements/guatemala-submission-under-cafta-dr.

Dominican Republic

In December 2011, a public communication was filed with the U.S. Department of Labor (DOL) alleging that the government of the Dominican Republic failed to ensure the effective enforcement of labor laws in the Dominican sugar sector. The DOL accepted the communication for review and issued a public report in September 2013 which highlighted concerns about potential and apparent violations of Dominican Republic labor laws in the sugar sector with respect to: (1) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health; (2) a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor; and (3) a prohibition on the use of any form of forced or compulsory labor. The DOL also noted concerns in the sugar sector with respect to Dominican labor law on freedom of association, the right to organize, and collective bargaining. In addition, the report raised significant concerns about procedural and methodological shortcomings in the inspection process that undermine the government's capacity to effectively identify labor violations. The United States engaged with the government of the Dominican Republic as well as with the sugar industry and civil society on the concerns identified in this report, including through multiple visits to the Dominican Republic. During 2015, the DOL, in consultation with USTR and U.S. Department of State, issued an 18-month update and a 24-month update to its 2013 report noting positive steps taken by the government of the Dominican Republic to address the concerns raised in the report.

Honduras

In March 2012, the AFL-CIO and 26 Honduran worker and civil society groups filed a public communication with the DOL alleging that the government of Honduras had failed to effectively enforce its labor laws under the CAFTA-DR labor chapter. Since then, the U.S. Government has engaged with Honduran officials as well as labor unions and employer groups regarding the communication, and on February 27, 2015, the DOL issued a public report with detailed recommendations to improve respect for labor rights in Honduras and address the concerns identified in the submission. U.S. Government officials from the DOL, USTR, and the U.S. Department of State were joined by Honduran officials for the release of the report which took place in Tegucigalpa, Honduras during a joint press conference. Both governments pledged to work together to address the issues raised in the DOL report and issued a joint statement to announce their intention to develop a plan with concrete commitments and timelines to bolster labor enforcement. (For additional information on the DOL report and the joint statement, visit https://ustr.gov/about-us/policy-offices/press-office/press-releases/2015/february/statement-us-trade-representative, and http://www.dol.gov/opa/media/press/ilab/ILAB20150066.htm.) On December 8, 2015, the DOL and Honduras announced they had concluded a Monitoring and Action Plan that includes comprehensive commitments by Honduras to address legal and regulatory frameworks for labor rights, undertake institutional improvements, intensify targeted enforcement, and improve transparency. Upon implementation, the plan will address shortcomings noted in DOL's review concerning labor inspections, access of inspectors to enterprises, illegal dismissals of workers, and other issues. For more information, visit https://ustr.gov/about-us/policy-offices/press-office/blog/2015/december/honduras-monitoring-and-action-plan-shows and http://www.dol.gov/opa/media/press/ilab/ILAB20152378.htm.

The U.S. Government is also funding a number of technical cooperation projects in Honduras to support labor rights, including programs supported by USAID and by the U.S. Department of State to promote freedom of association, union formation, and labor-management relations, and a $7 million DOL project to reduce child labor and improve labor rights.

Capacity Building

Ongoing labor capacity building activities are supporting efforts to promote workers' rights and improve the effective enforcement of labor laws in the CAFTA-DR countries. This includes ongoing support from USAID for efforts to protect the rights of workers in the informal economy and to lift barriers to formalization; for building the capacity of workers and their organizations to constructively advocate for workers' rights with public authorities and employers; and for ensuring that workers and employers develop skills and expertise to resolve disputes. In 2015, USAID continued to support these activities as part of its Global Labor Program, and the U.S. Department of State continued its funding of a program to strengthen the capacity of unions to organize and represent workers, and a program to combat labor violence in Honduras and Guatemala.

Environment

For a discussion of environment related activities in 2015, see chapter IV.A.2.

Trade Capacity Building

In addition to the labor and environment programs discussed above, trade capacity building programs and planning in other areas continued throughout 2015 with the Office of the U.S. Trade Representative and other agencies. The U.S. Agency for International Development (USAID) and other donors, including agencies such as the U.S. Departments of Agriculture (USDA), State, and Commerce, carried out bilateral and regional projects with the CAFTA-DR partner countries.

In 2015, USAID continued implementing the Regional Trade and Market Alliances Project to build trade and institutional capacity in CAFTA-DR countries and improve trade facilitation. Through this project, USAID supports Central American governments and businesses in areas related to coordinated border management, including customs administration and other border control agencies, promoting improved information technology and efficient procedures, harmonizing regulations, and other steps to reduce the time and cost to trade across borders. USAID also fosters enhanced public-private dialogue around trade facilitation, paving the way for the implementation of the WTO Trade Facilitation Agreement. During 2015, USAID, in partnership with the World Bank and International Finance Corporation, progressed on the design of an information technology platform for mutual recognition of sanitary registries with Ministries of Health. During 2015, USAID, the American National Standards Institute, and the Association of Clothing and Textiles (VESTEX) facilitated a workshop with textile and apparel industry experts on standards, including key elements of manufacturing processes, product safety, and U.S. Customs requirements, mainly targeted for private sector industry participants of CAFTA-DR countries.

USAID has also partnered with USDA to continue supporting CAFTA-DR countries so that their private sectors can take advantage of the trade agreement. For example, USAID and USDA provide technical assistance and capacity building on various agricultural technical issues, such as market information systems, as well as sanitary and phytosanitary measures (SPS) as they relate to intraregional trade and exports to the U.S. market. In 2015, USAID, in collaboration with USDA and the U.S. Food and Drug Administration (FDA), provided funds through the Food and Agricultural Sustainability Training (FAST) Program. Assistance aims to inform countries and private sector exporters of ways to meet new U.S. import requirements, and to strengthen their own food safety systems and processes in order to improve the safety of their domestic food supplies. The FAST Program targets some CAFTA-DR countries as well as countries in the Caribbean and South America. During 2015, USAID and USDA coordinated closely with FDA to build awareness of the U.S. Food Safety Modernization Act, possible impacts thereof, and practical ways to operate domestic food safety processes. Through a similar interagency agreement signed in 2010, USAID and USDA support for trade capacity building and food security have contributed to CAFTA-DR obligations. For example, in September 2015, Honduras gained approval from USDA's Animal and Plant Health Inspection Service and the FDA to export eggs for the first time to the United States. Also as a result of assistance programs, in November 2015, Guatemala published its quarantine pest list. In September 2015, USDA partnered with the University of Arizona to implement a five year biological control program to address aflatoxin in Central America. The University of Arizona is currently selecting pilot countries and local partners.

Other Implementation Matters

In 2015, CAFTA-DR partners adopted various FTC decisions to strengthen implementation of the Agreement and grow trade.

The FTC committed to addressing inefficiencies and obstacles to cross-border trade in the region to improve regional global competitiveness and increase the transparency and predictability of trade and doing business. The CAFTA-DR countries are poised to reap great benefits from reforming customs practices and reducing the costs and time associated with goods crossing borders because of the highly integrated manufacturing and supply chain linkages throughout the region.

The FTC further emphasized the need for greater regional integration to enhance competitiveness and agreed to support supply chain systems in the region through several project initiatives. Some of these initiatives include a series of measures for the U.S. textile and apparel industry such as the regional textiles sourcing database, technical assistance on use of the CAFTA-DR Short Supply provision, and standards and customs procedures for textiles and apparel trade.

Enhanced regional integration continues to be a top priority and plays a key role in facilitating secure economic growth and stability in the region. The FTC endorsed cooperation to enhance security and facilitate trade by exchanging best practices in intellectual property, customs border enforcement, and to create jobs by exchanging information on the protection and enforcement of trademarks.

The FTC agreed on changes to the product-specific rules of origin to reflect the changes to the International Convention on the Harmonized Commodity Description and Coding System in 2012. These changes will facilitate the proper implementation of the Agreement. Discussions also addressed modifications to reflect the amendments to certain rules of origin for textile and apparel goods in the updated product-specific rules of origin, which had been agreed to by the CAFTA-DR FTC in February 2011 and designed to enhance the competitiveness of the region's textiles sector through regional sourcing and integration. During 2015, technical-level staff also reached an agreement on changes to certain product-specific rules of origin under Article 4.14 in order to create additional opportunities for trade under the Agreement. In November 2015, USTR asked the U.S. International Trade Commission (USITC) to conduct a study of the probable economic effects of these changes. The USITC report is expected in May 2016. The FTC also agreed to eliminate Costa Rica's tariffs on certain crude vegetable oils, promoting increased trade and competitiveness.

Recognizing the importance of an effective dispute settlement mechanism to the integrity of the Agreement, USTR and the U.S. Department of Commerce's Trade Agreement Secretariat (FTA Secretariat) provided ongoing technical support to assist Guatemala and other CAFTA-DR countries in the operations of their offices charged with carrying out administrative functions in CAFTA-DR dispute settlement proceedings. USTR and the FTA Secretariat also held a technical exchange with the CAFTA-DR partners to identify issues for coordination and best practices in the administration of dispute settlement proceedings. As part of that exchange, USTR, together with the U.S. Department of State's Office of the Assistant Legal Adviser for International Claims and Investment Disputes (L/CID), engaged with the CAFTA-DR country Coordinators on issues relating to investor-State disputes and planning for follow-on discussions in 2016.

The United States also continued to work closely with its CAFTA-DR partners on bilateral matters related to the Agreement, with a particular focus on ensuring that its partners properly implement the Agreement. For example, the U.S. Government continued to work with several CAFTA-DR partners on implementation of agricultural trade matters such as the administration of tariff-rate quotas and SPS issues. The U.S. Government also worked with several CAFTA-DR countries to promote effective protection of intellectual property rights, including a focus on enforcement and the balance between trademark and geographical indication protection, as reflected in the CAFTA-DR.

4. Chile

Overview

The United States-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004, and with the 12th annual tariff reductions having taken effect on January 1, 2015, 100 percent of goods exports can now enter the United States and Chile duty free under the agreement.

The FTA eliminates tariffs and opens markets, reduces barriers for trade in services, provides protection for intellectual property, promotes regulatory transparency, guarantees nondiscrimination in the trade of digital products, commits the Parties to maintain competition laws that prohibit anticompetitive business conduct, and requires effective enforcement of the Parties' respective labor and environmental laws. In 2015, U.S. goods exports to Chile decreased by 5.6 percent to $15.6 billion, while U.S. goods imports from Chile decreased by 6.3 percent to $8.9 billion. Chile is currently our 28th largest goods trading partner with $24.5 billion in total (two-way) goods trade during 2015. The U.S. goods trade surplus with Chile was $6.7 billion in 2015.

Trade in services with Chile (exports and imports) totaled $5.0 billion in 2014 (latest data available). U.S. services exports were $3.8 billion and services imports from Chile were $1.2 billion for the same period. The U.S. services trade surplus with Chile was $2.6 billion in 2014.

U.S. foreign direct investment (FDI) in Chile was $28 billion in 2014 (latest data available), a 33 percent decrease from 2013, mostly in the mining, finance/insurance, and manufacturing sectors.

Elements of the United States-Chile FTA

Operation of the Agreement

The central oversight body for the FTA is the United States-Chile Free Trade Commission (FTC), comprised of the U.S. Trade Representative and Chile's Director General of International Economic Affairs or their respective designees. In June 2015, the FTC held its 10th meeting. Concurrently, the Committee on Technical Barriers to Trade and the Committee on Sanitary and Phytosanitary Matters also met. The FTC reviewed implementation of the FTA, including a discussion of improving how small and medium-sized businesses (SME) take advantage of the Agreement. The FTC also highlighted a key accomplishment: market access for U.S. exports of fresh pork meat and the reaffirmed goal of resolving other SPS concerns. At the meeting, both the United States and Chile acknowledged the importance of and the progress made in the Cooperation Project on the development of a System Alert on TBT Notification which will enhance transparency and support SME's participation in FTAs. The two countries also discussed Chile's nutrition labeling regulations.

Labor

In July 2015, the U.S. Department of Labor (DOL) met with a delegation of government officials from Chile's Trafficking in Persons Task Force in Washington, D.C. to discuss techniques for labor inspectors to detect smuggling and trafficking of migrants, and related areas for future cooperation. The Chilean delegation also met with officials from the U.S. Departments of State, Homeland Security, Justice, Health and Human Services, and other U.S. government agencies. The delegation was led by Chile's Attorney General and included the Deputy Chief of Inspections at the Ministry of Labor and high-level officials from Chile's Ministry of Interior, Ministry of Health, the Chilean Embassy in Washington, D.C., and the Ministry of Foreign Affairs. Also in 2015, DOL officials held a video conference with 25 Chilean labor investigators to share best practices regarding the U.S. Occupational Safety and Health Administration's Voluntary Protection Program, which promotes voluntary health and safety management systems in the work place. The DOL officials are also working with Chile to develop cooperative activities to prevent and combat employment discrimination and to support modernization of Chile's National Call Center for employment issues.

Environment

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

5. Colombia

Overview

The United States-Colombia Trade Promotion Agreement (CTPA) entered into force on May 15, 2012. The United States' two-way goods trade with Colombia totaled $30.1 billion in 2015, with U.S. goods exports to Colombia totaling $16.5 billion. Under the CTPA, duties on over 80 percent of U.S. exports of consumer and industrial products to Colombia were eliminated immediately upon entry into force, with remaining tariffs phased out over 10 years. More than half of U.S. agricultural exports to Colombia became duty free immediately upon entry into force, with virtually all remaining tariffs to be eliminated within 15 years. Tariffs on a few most sensitive agricultural products will be phased out in 17 to 19 years. In addition, with limited exceptions, U.S. services suppliers gained access to Colombia's estimated $160 billion annual services market in 2015. Colombia also agreed to important new disciplines in investment, government procurement, intellectual property rights, labor, and environmental protection.

Elements of the United States-Colombia TPA

Operation of the Agreement

The CTPA's central oversight body is the United States-Colombia Free Trade Commission (FTC), composed of the U.S. Trade Representative and the Colombian Minister of Trade, Industry, and Tourism or their designees. The FTC is responsible for overseeing implementation and operation of the CTPA. The FTC met on November 19, 2012. At that meeting, the two sides discussed the functioning of the agreement and ways to improve its operation. In 2015, the United States and Colombia continued to work together to carry out initiatives launched at the November 2012 FTC meeting, such as consideration of accelerating the elimination of tariffs for certain goods under the Agreement, establishment of certain dispute settlement mechanisms, and updates to the Agreement's rules of origin. USTR expects to hold the second FTC meeting to review implementation of the CTPA in 2016.

Labor

The CTPA Labor Chapter includes commitments requiring both countries to adopt, maintain, and implement laws, regulations, and other measures to protect the fundamental labor rights described in the 1998 Declaration of Fundamental Principles and Rights at Work of the International Labor Organization, and not to fail to effectively enforce their labor laws or to reduce labor protections to encourage trade or investment. The obligations of the Labor Chapter are subject to the same dispute settlement provisions as the other obligations in the CTPA and are subject to the same remedies. The Labor Chapter commitments are intended to enable workers and businesses to compete on a level playing field. The entry into force of the CTPA was accompanied by progress by Colombia under the Action Plan Related to Labor Rights (Action Plan), which was launched in 2011 and includes specific commitments by the government to address key areas of concern.

During 2015, the Administration continued intensive engagement with the Colombian government to support its efforts to improve the protection of workers' rights, prevent violence against trade unionists, and ensure the prosecution of the perpetrators of such violence. The U.S. Department of Labor (DOL) posted a labor attaché at the U.S. Embassy in Bogotá in the second quarter of 2015. Colombia is the second country in which DOL has posted a labor attaché, highlighting the importance of ensuring close engagement with Columbia on labor rights.

The Colombian government took some steps to implement the Action Plan in 2015, including in the port and palm sectors. For the first time in 24 years, the Buenaventura Port Society and one of its operators signed a collective bargaining agreement with workers that included a promise to formalize nearly 900 workers. In the palm sector, a lengthy strike ended in a successful collective bargaining agreement as well as a formalization agreement - an agreement between companies and the Ministry of Labor to hire workers previously in unlawful subcontracting relationships. In addition, the Colombian government, collected a fine against a palm company in the amount of $656,000 (COP 2,164,000,000) for illegal subcontracting, the first such significant fine collected under the regulations. The United States will continue to work closely with Colombia to encourage the collection of the similar remaining pending fines as well as on other labor law enforcement issues related to the Action Plan, such as addressing new forms of abusive contracting that undermine labor rights.

To address the issue of violence, Colombia's Prosecutor General's Office has 22 prosecutors who focus on violence against unionists and approximately 80 judicial police investigators from Colombia's National

Police to support the work of the prosecutors. The Administration is committed to working with Colombia to increase the number of successful prosecutions in cases of violence and threats against unionists.

Ongoing engagement with Colombian officials in 2015 included an April videoconference with Colombia's Vice Minister of Labor; a December bilateral meeting between DOL's Deputy Undersecretary for International Affairs and the Labor Minister, and frequent meetings between the Labor Attaché and the Vice Minister. In addition, DOL and the U.S. Agency for International Development fund a total of four labor-related technical assistance projects in Colombia that aim to (1) improve the government's capacity to enforce workers' rights; (2) improve workers' access to information on their rights and their ability to protect and assert them; and (3) reduce child labor in the informal and artisanal mining sector, including the promotion of safe work and mitigation of the risk of injuries for adult workers.

The U.S. Department of State, DOL, and USTR will continue to work in close collaboration with stakeholders in both countries and with the Colombian government to achieve the underlying goals of the Action Plan and to support the efforts of workers to exercise their fundamental rights.

Environment

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

6. Israel

The United States-Israel Free Trade Agreement (FTA) is the United States' first FTA. It entered into force in 1985 and continues to serve as the foundation for expanding trade and investment between the United States and Israel by reducing barriers and promoting regulatory transparency. In 2015, U.S. goods exports to Israel increased 10 percent to $15.1 billion.

The United States-Israel Joint Committee (JC) is the central oversight body for the FTA. At its last meeting in 2012, the JC explored ways to engage in collaborative efforts to increase bilateral trade and investment. During the meeting, the United States and Israel noted progress made in addressing a number of specific standards and customs-related impediments to bilateral trade and opened two dialogues to address these issues. In October 2013, Israel enacted revisions to its standards regime aiming to expand significantly the recognition of international standards including those of U.S.-domiciled standards developing organizations. The new standards law is intended to facilitate the enhanced importation into Israel of a broad range of U.S. products. The United States and Israel are also working to make it easier for exporters to gain approvals when claiming duty-free status under the FTA for individual products.

Discussions continued among the Parties on negotiating a new permanent agreement on trade in agricultural products and resolving several outstanding sanitary and phytosanitary (SPS) issues. In 1996, the United States and Israel concluded an Agreement Concerning Certain Aspects of Trade in Agricultural Products (ATAP), which provided for duty free or other preferential tariff treatment of a number of agricultural products. The 1996 agreement was extended through 2003 and a new agreement was concluded in 2004. While this agreement originally was scheduled to expire at the end of 2008, it has been extended annually since then to allow negotiations on a new ATAP agreement to continue.

In June 2014, the United States proposed revised modalities for a new ATAP agreement, seeking to capitalize on progress to date and to streamline the negotiations while liberalizing trade to the maximum degree possible. Each side is reviewing the proposals put forward by the other in preparation for the next round of negotiations, tentatively planned for 2016. In December 2015, the two sides agreed to extend the ATAP agreement through December 31, 2016, while the aforementioned negotiations continue.

7. Jordan

In 2015, the United States and Jordan continued to benefit from their economic partnership. A key element of this relationship is the United States-Jordan Free Trade Agreement (FTA), which entered into force on December 17, 2001, and was implemented fully on January 1, 2010. In addition, the Qualifying Industrial Zones (QIZs) program, established by the U.S. Congress in 1996, allows products to enter the United States duty free if manufactured in Jordan, Egypt, or the West Bank and Gaza, with a specified amount of Israeli content. The program has succeeded in stimulating business cooperation between Jordan and Israel.

Together these measures have played a significant role in boosting overall U.S.-Jordanian economic ties. U.S. goods exports to Jordan were an estimated $1.4 billion in 2015, down 33 percent from 2014. The QIZ products account for about 5 percent of Jordanian exports to the United States. The QIZ share of these exports is declining relative to the share of exports shipped to the United States under provisions of the FTA. This shift toward exporting products manufactured outside of the QIZs demonstrates the important role the FTA plays in helping Jordan diversify its economy.

The United States-Jordan FTA has expanded the trade relationship between the two countries by reducing barriers for services, requiring cutting edge protection for intellectual property, promoting regulatory transparency, and requiring effective labor and environmental enforcement. At the Joint Committee's most recent meeting in October 2012, the United States and Jordan crafted an action plan outlining concrete steps to boost trade and investment bilaterally, and between Jordan and other countries in the Middle East region. Among its first steps under the action plan during 2013, Jordan endorsed Joint Principles on International Investment and Joint Principles for Information and Communication Technology (ICT) Services.

The United States also continued to work with Jordan in the area of labor standards, particularly through ongoing efforts under the Implementation Plan Related to Working and Living Conditions of Workers in Jordan, signed in 2013. The Plan addresses labor concerns in Jordan's garment factories including anti-union discrimination against foreign workers, conditions of accommodations for foreign workers, and gender discrimination and harassment.

In September 2015, the U.S. Department of Labor met with stakeholders in Jordan to continue to advance labor cooperation under the United States-Jordan FTA. During the visit, the U.S. government brought together officials from the Ministries of Health and Labor to try to improve coordination on dormitory inspections in the Qualified Industrial Zones, in line with commitments made in the 2013 Implementation Plan. The Ministry of Labor added 66 new labor inspectors in August 2015 and is working with the DOL-funded ILO Better Work program to improve their understanding of internationally recognized labor standards and the process for conducting audits in the garment sector.

In 2015, DOL also continued to fund a project aimed at supporting Jordan in building capacity to strengthen enforcement efforts to identify and eliminate child labor and to refer children and families vulnerable to child labor to relevant social services. In 2015 the project expanded interventions to also address the needs of Syrian refugee children who suffer increased vulnerability to child labor. At the request of the Jordanian government, DOL provided a $2.04 million extension to March 2016 for the ILO project to conduct a national child labor survey that will include data on Syrian refugee children, develop and train officials on a child labor monitoring system, raise awareness of child labor, and refer at-risk children and families to social services and educational and vocational opportunities.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

8. Republic of Korea

Overview

The United States-Korea Free Trade Agreement (KORUS or Agreement) entered into force on March 15, 2012. As of January 1, 2016, four rounds of tariff cuts have taken place under KORUS. And in an important milestone, imports of passenger vehicles from the United States now enter Korea duty free. While the Korean economy performed strongly in 2014, slower growth in China and an outbreak of the MERS virus hindered growth during 2015. The United States, which has benefited from KORUS tariff reductions and other obligations that have come into effect, was able to expand its import market share from 8.5 percent in 2011 to 10.1 percent in 2015. While Korea's total imports of goods were down 16.9 percent during 2015, and its imports of goods from Japan, Australia, and the E.U. were down 14.7 percent, 19.4 percent, and 8.4 percent respectively, imports of goods from the U.S. shrank only 2.8 percent.

Operation of the Agreement

The Agreement's central oversight body is the Joint Committee, chaired by the U.S. Trade Representative and the Korean Trade, Industry and Energy Minister. The fourth Joint Committee meeting was convened on October 16, 2015, and substantial issues of interest to both parties – including automotive, legal services and intellectual property issues – were discussed. A Senior Officials Meeting (SOM) was also held on November 17, 2015 to coordinate and report on the activities of the committees and working groups established under the agreement, and as follow-up to discussions at the October 2015 Joint Committee meeting on the above-mentioned issues.

In addition to the Joint Committee and the SOM, eight committees and working groups established under KORUS met in 2015. USTR has consulted and will continue to consult closely with stakeholders regarding the work of the FTA committees, including with respect to potential agenda items.

The United States also participated in quarterly financial services meetings with Korea. The European Union, which also has a free trade agreement with Korea, participated in the government-to-government sessions of these financial services meetings. There were also separate sessions in the meetings that included industry participants.

Following sustained engagement through these financial services meetings, on July 22, 2015, Korea's Financial Services Commission (FSC) published its regulations to meet its commitments contained in Section B of Annex 13-B (Transfer of Information) in the Financial Services Chapter. The regulations reflected stakeholder concerns and provided clearer definitions for the reporting and the approval process of offshore data processing.

In March 2015, the fourth meeting of the Medicines and Medical Devices Committee, the second Automotive Working Group meeting, and the third meeting of the Committee on Outward Processing Zones (OPZ) were held. These meetings were followed in November by the second meeting of the Environmental Affairs Council and the third meeting of the Automotive Working Group, and in December by the second meeting of the Committee on Sanitary and Phytosanitary Matters, the third meeting of the Professional Services Working Group, and the third meeting of the Committee on Services and Investment.

In November 2015, the U.S. Department of Labor (DOL) convened a workshop with the Korean Ministry of Employment and Labor (KMOEL), USTR, and the U.S. Department of State, to discuss ways for the two governments to cooperate under the KORUS labor chapter to facilitate corporate compliance with international labor standards in global supply chains. During one session of the workshop stakeholders shared their recommendations for priority issues in global supply chains. DOL and KMOEL are currently following up with proposals for next steps.

The Medicines and Medical Devices Committee discussed Korea's import pricing system, each side's respective patent linkage system, and updates on draft legislation related to pharmaceutical drugs in Korea.

In the Automotive Working Group, the United States continued to urge improvement in Korea's regulatory environment for automobiles, including increased transparency and stakeholder involvement, use of proper cost-benefit analysis, and provision of adequate lead times for implementation of automobile-related policies. Specific issues addressed included Korea's draft final fuel economy standard and emissions testing requirements as well as implementation of new consumer protection policies covering: (1) disclosure by manufacturers to consumers of any repairs made to a vehicle prior to sale; and (2) the right of repair shops to access information needed to service vehicles.

During the meeting of the Committee on Outward Processing Zones, the Korean government provided an overview of the Gaesong Industrial Complex.

The Committee on Sanitary and Phytosanitary Matters and the Committee on Agricultural Trade discussed a range of topics including biotechnology, issues related to maximum residue limits (MRLs), pending plant and animal market access issues, and KORUS tariff-rate quota administration.

The Professional Services Working Group discussed mechanisms for enhancing trade in professional services, Korea's interest in Mutual Recognition Agreements (MRA) in the areas of engineering, architectural, and veterinary services, and the U.S. interest in an MRA in accounting services.

The Committee on Services and Investment discussed implementation of the Services and Investment Chapter of KORUS. The United States sought an update on Korea's plans for implementing its obligations related to legal services scheduled to go into effect in 2017, and the two sides discussed various aspects of the operation of the KORUS investor-State dispute settlement procedures.

The U.S. Government also addresses KORUS compliance and other trade issues on a continual basis through regular inter-sessional consultations, through respective embassies, and through other engagements with the Korean government (including at senior levels) in order to resolve issues in a timely manner. In 2015, the United States focused on issues related to Korea's implementation of its obligations with regard to financial services data transfer, automotive trade, intellectual property, competition policy, and medical devices. Through U.S. engagement with Korea, the United States succeeded in making significant progress in addressing issues in all of these areas.

For a discussion of environment related activities in 2015, see chapter IV.A.2.

9. Morocco

The United States-Morocco Free Trade Agreement (FTA) entered into force on January 1, 2006. It supports the significant economic and political reforms that are underway in Morocco and provides improved commercial opportunities for U.S. exports to Morocco by reducing and eliminating trade barriers.

Since the entry into force of the FTA, two way U.S.-Morocco trade in goods has grown from $927 million in 2005 (the year prior to entry into force) to $2.6 billion in 2015. U.S. goods exports to Morocco in 2014 were $1.6 billion, down 23.5 percent from the previous year. Corresponding U.S. imports from Morocco in 2015 were $1.0 billion, up nearly 2 percent from 2014.

The United States and Morocco held the fourth meeting of the FTA Joint Committee (JC) on February 20, 2015 in Rabat. U.S. and Moroccan officials noted the productive environmental and labor-related cooperation under relevant Environment and Labor FTA Subcommittees, which met in October and September 2014, respectively. They highlighted recent improvements to Morocco's legislative regime for the protection of intellectual property rights and outlined Morocco's steps to implement the bilateral Customs and Mutual Assistance and Trade Facilitation agreements, which went into effect February 1, 2016, as well as the multilateral 2013 WTO Trade Facilitation Agreement. Both sides expressed interest in expanding market access for particular exports, the United States for automobiles and Morocco for textiles and apparel.

The U.S. delegation raised questions regarding pending Moroccan trade legislation and about certain local content requirements in government tenders, which could hinder the competitiveness of U.S. firms in the bidding process. The U.S. delegation requested further information on Morocco's July 2014 implementation of an export and harvest quota for Gigartina seaweed (a key input for a U.S. processor). It also asked for additional details on a pending Moroccan-EU agreement on the protection of geographical indications (GIs) for EU products in the Moroccan market. In an effort to better understand U.S. market access procedures and to streamline their own export model, the Moroccan delegation requested information on how U.S. ports efficiently manage security and container processing, and asked for assistance in liaising with U.S. investment-promotion entities.

In the area of agriculture, the Joint Committee reviewed discussions held just prior to the JC's session in combined meetings of the Agriculture and SPS FTA Subcommittees. In the Subcommittee meetings, expert-level delegations considered the steps required to complete Moroccan SPS applications for market access to the United States for a number of agricultural products. They also attempted to find new approaches to the operation of the tariff rate quotas (TRQs) established by Morocco under the FTA (U.S. companies have long complained that the TRQs do not operate to grant U.S. wheat exports the preferential access to Moroccan markets envisioned under the FTA). Useful exchanges of technical information across a range of issues took place, designed to facilitate ongoing discussions. The two delegations committed to a series of digital video conferences (DVCs) and other communications throughout the year in order to maintain progress. The first of these conferences was held one week after the Joint Committee meeting, with subsequent DVCs in June and November 2015.

10. North American Free Trade Agreement

Overview

On January 1, 1994, the North American Free Trade Agreement between the United States, Canada, and Mexico (NAFTA) entered into force. All remaining duties and quantitative restrictions were eliminated, as scheduled, on January 1, 2008. The NAFTA created the world's largest free trade area to date, which now links 478 million people producing roughly $20.7 trillion worth of goods and services.

Trade between the United States and its NAFTA partners has soared since the agreement entered into force. U.S. goods exports to the NAFTA partners have increased by 264 percent between 1993 and 2015, from $142 billion to $517 billion. The combined NAFTA market is also the largest export market for U.S. agriculture, totaling $41.8 billion in 2015. Services exports have also grown significantly, and are up by 233 percent since 1993 to $91.4 billion in 2014 (latest year available). By dismantling barriers, the NAFTA has led to increased trade and investment, growth in employment, and enhanced competitiveness. As a result, U.S. two way goods trade with Canada and Mexico exceeds U.S. goods trade with the European Union and Japan combined.

On February 4th, 2016, the leaders of Canada, Mexico, and the United States joined nine other Asia-Pacific countries (Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, and Vietnam) in signing the TPP Agreement. The TPP Agreement goes beyond the NAFTA in many important ways, effectively updating trade relations between Canada, Mexico, and the United States and setting new, higher standards for U.S. regional trade agreements. (*For additional information on the TPP, see Chapter 3.B.5*).

The NAFTA was the first U.S. FTA to link free trade with obligations to protect labor rights and the environment. The TPP, however, has dramatically updated and strengthened these commitments, setting the highest standards of any trade agreement. For example, the TPP Labor Chapter includes requirements to adopt or maintain laws on freedom of association, the right to bargain collectively and acceptable conditions of work, as well as prohibitions on exploitative child labor and forced labor, and protections against employment discrimination. The TPP Environment Chapter prohibits some of the most harmful fishery subsidies, creates new tools to combat illegal wildlife trafficking, and includes provisions that will improve the enforcement of conservation laws. In addition, both the Environment and Labor Chapters in the TPP are fully enforceable through dispute settlement.

Elements of NAFTA

Operation of the Agreement

The NAFTA's central oversight body is the NAFTA Free Trade Commission (FTC), composed of the U.S. Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Economy or their designees. The FTC is responsible for overseeing implementation and elaboration of the NAFTA and for dispute settlement.

The FTC held its most recent meeting in Washington, D.C. on April 3, 2012. Since October 2012, however, trade ministers, senior officials, and experts from the United States, Canada, and Mexico have met regularly to expand and deepen trade and investment opportunities in North America and beyond through the TPP negotiations, which were concluded in 2015. In addition, the Parties furthered their work to liberalize the NAFTA rules of origin.

NAFTA and Labor

The North American Agreement on Labor Cooperation (NAALC), a supplemental agreement to the NAFTA, promotes effective enforcement of domestic labor laws and fosters transparency in their administration. The NAALC established a tri-national Commission for Labor Cooperation, composed of a Ministerial Council and an administrative Secretariat. In addition, each NAFTA Party has established a National Administrative Office (NAO) within its Labor Ministry to serve as a contact point with the other Parties and the Secretariat, to provide publicly available information to the Secretariat and the other NAOs, and to provide for the submission and review of public communications on labor law matters. The NAOs, together with the Secretariat, can also carry out cooperative activities promoted by the Council.

In 2015, the U.S. Department of Labor (DOL) and the Mexican Secretariat of Labor and Social Welfare (STPS), completed a series of educational and outreach activities to which both agencies agreed in the context of Mexico's request for consultations regarding the public submissions filed with the Mexican NAO in 2003, 2005, and 2011 on the rights of workers under H-2A and H-2B visas. In the United States, the DOL held 29 outreach events in 15 states, reaching more than 2,300 workers and 1,000 employers. In Mexico, STPS held 11 events, reaching approximately 1,600 people. In addition, DOL and STPS continue to collaborate to combat unlawful recruitment practices, as called for in the April 2014 Joint Declaration signed by the U.S. Secretary of Labor and Mexico's Secretary of Labor and Social Welfare.

Also in 2015, the U.S. and Canadian NAOs continued to monitor the status of negotiations between the Mexican Union of Electrical Workers (Sindicato Mexicano de Electricistas or SME) and the government of Mexico, which were intended to resolve issues raised in a January 2012 public submission accepted for review by the U.S. and Mexican NAOs in 2012. In 2015, the Mexican government and the SME signed a Memorandum of Understanding that grants the SME a concession to generate power at 14 plants previously operated by the SME's former employer, Luz y Fuerza del Centro (LyFC). SME has partnered with a Portuguese company, Mota-Engil, to establish a new enterprise, FENIX, which will operate the plants. The SME has deposited a new national collective bargaining agreement and FENIX will reemploy some of the close to 16,000 LyFC workers terminated when the company was dissolved by the government of Mexico in 2009.

Additional public submissions were received in 2015. In June 2015, Mexico's NAO accepted for review a submission filed against the United States regarding the DOL's enforcement of U.S. laws related to employment discrimination based on race. In November 2015, the U.S. NAO received a public submission from the United Food & Commercial Workers Local 770, the Frente Auténtico del Trabajo, the Los Angeles Alliance for a New Economy, and the Project on Organizing, Development, Education, and Research concerning the government of Mexico's obligations under the NAALC regarding workers' rights. Allegations in the public submission include: a failure by Mexico to enforce laws related to the use of "protection contracts," which are collective bargaining agreements signed and deposited by non-representative unions and employers, often without workers' knowledge; failures to publish collective bargaining agreements, as required by the federal labor law; failure to enforce laws related to pregnancy discrimination; and failures to enforce laws related to violations of acceptable conditions of work. The U.S. NAO accepted the public submission for review on January 11, 2016.

NAFTA and the Environment

The three governments continued their efforts to ensure that trade liberalization and efforts to protect the environment are mutually supportive. The Council of the Commission for Environmental Cooperation (CEC) under the North American Agreement on Environmental Cooperation (NAAEC) met in July 2015 in Boston, one of North America's model green cities. Council members endorsed a blueprint that will guide the work of the Parties under the CEC through 2020. The Council also created a roster of experts (five from each country) on traditional ecological knowledge to advise the Council on opportunities to apply this knowledge to the CEC's operations and policy recommendations.

Articles 14 and 15 of the NAAEC establish a process for individuals or entities residing or established in the United States, Canada, or Mexico to file a public submission asserting that a Party is failing to effectively enforce its environmental law. The CEC Secretariat received three new public submissions in 2015, which are under review. In 2015, the CEC continued to implement a new reporting approach for public submissions as part of its commitment to transparency. As part of this approach, the CEC Council authorized the preparation of factual records on two public submissions that it received in 2014. The CEC completed the factual record on one of these submissions and made it available to the public in December 2015. The factual record on the other public submission is nearing completion.

Additionally, since 1993, Mexico and the United States have helped border communities with environmental infrastructure projects in furtherance of the goals of the NAFTA and the NAAEC. The Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) are working with communities throughout the United States-Mexico border region to address their environmental infrastructure needs. As of September 30, 2015, the NADB is participating in 215 BECC-certified environmental infrastructure projects with $2.59 billion in loans and grants, of which 96 percent has already been disbursed for project implementation.

11. Oman

The United States-Oman Free Trade Agreement (FTA), which entered into force on January 1, 2009, complements other U.S. FTAs in the Middle East and North Africa (MENA) to promote economic reform and openness throughout the MENA region. Implementation of the obligations in the FTA generates export opportunities for U.S. goods and services providers, solidifies Oman's trade and investment liberalization efforts, and strengthens intellectual property rights protection and enforcement.

The central oversight body for the FTA is the United States-Oman Joint Committee (JC), chaired jointly by USTR and Oman's Ministry of Commerce and Industry. Meetings of the JC have addressed a broad range of trade issues, including efforts to increase bilateral trade and investment levels; efforts to ensure effective implementation of the FTA's customs, investment and services chapters; possible cooperation in the broader MENA region; and additional cooperative efforts related to labor rights and environmental protection.

During the first meeting of the Subcommittee on Labor Affairs in April 2012, officials discussed the complaint mechanism of the labor chapter and potential areas of future labor cooperation. In 2014, Oman renewed the International Labor Organization's (ILO) Decent Work Country Program. The program will work with the Omani government, in collaboration with unions and businesses, to promote social dialogue and resolve labor disputes, improve labor inspections, and strengthen technical and vocational training programs. The ILO program was launched in 2010 and will now continue through 2016. The renewal agreement was signed by the Sultanate of Oman, the General Federation of Oman Trade Unions, and the Oman Chamber of Commerce and Industry. The Oman trade union federation was formed in 2006, as a result of major labor reforms by the government of Oman enacted in the context of concluding the FTA, which allowed independent unions in Oman for the first time. Oman has since seen a rapid increase in unionization with over 200 enterprise-level unions and a sub-federation for trade unions established in the oil and gas sectors. In 2015, the U.S. Department of Labor visited Oman to meet with various stakeholders to identify ways to strengthen labor law enforcement for all workers in Oman.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

12. Panama

Overview

The United States-Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. The United States' two way goods trade with Panama was $8.2 billion in 2015, with U.S. goods exports to Panama totaling $7.8 billion. Under the TPA, tariffs on 86 percent of U.S. consumer and industrial goods exports to Panama (based on 2011 trade flows) were eliminated upon entry into force, with any remaining tariffs phased out within 10 years. Additionally, nearly half of U.S. agricultural exports became duty free, with most remaining tariffs to be phased out within 15 years. Tariffs on a few of the most sensitive agricultural products will be phased out in 18 to 20 years. Following the first tariff reduction under the TPA on October 31, 2012, subsequent tariff reductions occur on January 1 of each year; the fifth round of tariff reductions took place on January 1, 2016. The TPA also provides significant new access to Panama's nearly $28 billion services market and includes disciplines related to customs administration and trade facilitation, technical barriers to trade, government procurement, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.

Elements of the United States-Panama TPA

Operation of the Agreement

The TPA's central oversight body is the United States-Panama Free Trade Commission (FTC), composed of the U.S. Trade Representative and the Panamanian Minister of Trade and Industry or their designees. The FTC is responsible for overseeing implementation and operation of the TPA. The United States and Panama continued to work cooperatively during 2015 to continue to implement the provisions of the TPA and address the few issues of concern that arose during the year. The United States and Panama intend to schedule an FTC meeting in the first half of 2016. Recognizing the importance of an effective dispute settlement procedure to ensuring both countries' rights and benefits under the Agreement, in 2015 both sides worked to establish four rosters of potential panelists for disputes that may arise under the TPA concerning general matters, as well as under the Labor, Environment, and Financial Services chapters of the TPA, and expect to finalize the rosters at the FTC meeting. The finalization of the rosters will complete the establishment of the dispute settlement infrastructure for the Agreement, building on the 2014 FTC decisions establishing model rules of procedures for the settlement of disputes, a code of conduct for panelists, and remuneration of panelists, assistants, and experts, and the payment of their expenses. Both sides agreed that implementation was proceeding and providing new opportunities for traders and investors.

The United States and Panama also continued to make progress in updating the TPA's rules of origin to correspond to the 2007 and 2012 changes in the Harmonized System (HS) nomenclature and expect to complete this effort at the 2016 FTC meeting. Completing this update will contribute to easing customs administration for customs authorities, producers, exporters and importers.

Labor

The TPA includes a Labor Chapter with commitments requiring both countries to adopt, maintain, and implement laws, regulations, and other measures to protect the fundamental labor rights described in the 1998 Declaration of Fundamental Principles and Rights at Work of the International Labor Organization, and not to fail to effectively enforce their labor laws or to reduce labor protections to encourage trade or investment. The obligations under the Labor Chapter are subject to the same dispute settlement provisions as the other obligations in the TPA and therefore are subject to the same remedies, and all of the Labor Chapter commitments are meant to enable workers and businesses to compete on a level playing field.

Panama undertook a series of major legislative and administrative actions beginning from 2009 to 2011 to further strengthen its labor laws and labor enforcement, including new laws to protect the right to strike, eliminate restrictions on collective bargaining, and protect the rights of temporary workers. Panama has also taken administrative actions to address concerns in the areas of subcontracting, temporary workers, employer interference with unions, bargaining with non-union workers, strikes in essential services, and labor rights in the maritime sector. Officials from the U.S. Department of Labor (DOL) met with Panamanian government officials and labor stakeholders in Panama City during the April 2015 Summit of the Americas meetings to discuss areas of ongoing concern and cooperation, such as improving labor inspections and child labor issues.

In addition, DOL is currently funding three projects in Panama to further combat exploitative child labor, including a $3.5 million, four-year project implemented by the International Labor Organization (ILO) to strengthen the enforcement of child labor and occupational safety laws in Panama. The DOL is also funding a $6.5 million, four-year project implemented by Partners of the Americas to continue to address the worst forms of child labor among the most vulnerable populations in Panama, including Afro-descendants and migrant and indigenous children, by providing them with educational and other services. A four-year DOL project ended in 2015, which was implemented by the ILO in several countries to support the *Roadmap for Achieving the Elimination of the Worst Forms of Child Labor by 2016*, and strengthened legal protections and social services for child domestic workers in Panama. According to the bi-annual Child Labor Survey (Encuesta de Trabajo Infantil-ETI), conducted in October 2014 by the National Institute of Statistics and Census (INEC) with results released in 2015, no child labor was detected in the sugar industry, and there was a nearly 50 percent reduction in cases of children and adolescents working in all sectors in the country from the number of cases reported in the 2012 Child Labor Survey.

Environment

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

13. Peru

Overview

The United States-Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009.

The United States' two-way trade in goods with Peru was $13.9 billion in 2015, with U.S. goods exports to Peru totaling $8.8 billion, and U.S. goods imports from Peru totaling $5.1 billion. U.S. exports of agricultural products to Peru totaled $1.1 billion in 2015. Leading categories include: corn ($302 million), wheat ($88 million), cotton ($96 million), and dairy products ($69 million). U.S. foreign direct investment (FDI) in Peru (stock), primarily in the mining sector, was $6.5 billion in 2014 (latest data available), a 20.9 percent increase from 2013.

The PTPA eliminates tariffs, removes barriers to U.S. goods and services, provides a secure and predictable legal framework for investors, and strengthens protections for intellectual property, workers' rights, and the environment.

Elements of the PTPA

Operation of the Agreement

The PTPA establishes a Free Trade Commission (FTC) to supervise the implementation of the PTPA. In November 2015, the FTC met to review the progress made under the PTPA since its entry into force. The FTC received reports on the meetings of the Technical Barriers to Trade Committee and the Standing Committee on Sanitary and Phytosanitary Measures (SPS). The recent meetings and ongoing work under the Subcommittee on Forest Sector Governance, the Environmental Affairs Council (EAC), and the Environmental Cooperation Commission (ECC) were also highlighted. Such meetings facilitate a productive exchange of information between the Parties regarding the implementation of specific chapters of the Agreement. The FTC also discussed issues related to textiles, intellectual property rights, rules of origin, trade facilitation, and the rules and procedures to implement the dispute settlement chapter. Both Parties also highlighted the importance of increasing cooperation activities to support implementation of the Agreement, in areas such as environmental and labor cooperation, among others.

Agriculture

Following extensive technical-level exchanges, and numerous engagements by USDA officials in a variety of fora, including the PTPA Standing Committee on Sanitary and Phytosanitary Matters, Peru implemented improved market access requirements for U.S. fresh/chilled pork in April 2015, and established new market access for U.S. rough rice and live cattle in April and July 2015, respectively. These new and improved market access conditions are expected to deliver expanded opportunities over time for U.S. exporters. U.S. exports of pork and pork products (primarily frozen) to Peru were valued at nearly $10 million in 2015, up 47 percent from 2014.

Labor

USTR continues to engage with the government of Peru to review progress on the implementation of the PTPA's labor provisions, including at the October 2014 meeting of the Labor Affairs Council in Lima, Peru. High-level government officials from the United States and Peru convened the Council to review implementation of the PTPA Labor Chapter, including the activities of the Labor Cooperation and Capacity Building Mechanism. The Council exchanged information on labor enforcement activities, including Peru's efforts to improve labor inspections and address issues related to labor contracting. Also discussed at this meeting were a series of labor reforms Peru enacted in 2014, and stakeholder concerns regarding the impact of those reforms on occupational safety and health norms, as well as the level of fines for labor law violations. The Council meeting concluded with an open public session, with the participation of more than 100 stakeholders from labor unions, businesses, and other interested groups. In July 2015, the International Labor Rights Forum and several Peruvian labor groups filed a public communication with the U.S. Department of Labor (DOL) alleging that the government of Peru had failed to meet its obligations under the PTPA Labor Chapter. The communication raised issues related to Peru's adoption and maintenance of laws and practices that protect fundamental labor rights and the effective enforcement of labor laws, particularly with regard to Peru's laws on nontraditional exports and the use of temporary contracts in the textiles sector and agricultural industry. Pursuant to its procedural guidelines, the DOL accepted the communication for review in September 2015, and will issue a public report on the issues raised in the submission in 2016. In December, officials from the DOL and USTR travelled to Peru for meetings with the government of Peru as well as labor and business groups to discuss the communication and the labor rights situation in Peru. Further information on the Peru labor communication is available at: http://www.dol.gov/ilab/trade/agreements/fta-subs.htm.

In December 2014, DOL awarded $2 million to implement a project to help build the labor law enforcement capacity of the Peruvian Ministry of Labor and Employment Promotion's (MTPE) recently-formed National Superintendency of Labor Inspection (SUNAFIL). The project focuses particularly on improving the MTPE's enforcement of laws, regulations, and other legal instruments governing subcontracting, outsourcing, and the use of short-term employment contracts, especially in the textile/apparel and agricultural export sectors. In November 2015, DOL also awarded to the Solidarity Center a $750,000 project to complement the SUNAFIL project by building the capacities of workers' organizations to effectively assist their constituents to identify abusive short-term employment contracting and unlawful subcontracting and to productively engage with employers and the government to address identified problems.

Environment

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

14. Singapore

The United States-Singapore Free Trade Agreement (FTA) has supported large increases in bilateral trade and investment with Singapore, creating high-paying jobs and new economic opportunities in both countries. Two-way goods trade has increased 48 percent from $32 billion in 2003 to $47 billion in 2015. Two-way services trade has more than doubled, increasing from $8.1 billion in 2003 to $17.9 billion in 2014. In 2015, the United States had a $10.4 billion goods trade surplus and $6.0 billion services trade surplus with Singapore. The United States engaged regularly with Singapore in 2015 to further build and expand the bilateral relationship and address bilateral issues. In April, Singapore agreed to terms and conditions to restore full market access for U.S. beef and beef products, a deal expected to open new opportunities for U.S. beef in a growing market currently valued at $24 million. In addition, the United States and Singapore have been close partners in the Trans-Pacific Partnership (TPP) negotiation (*see Trans-Pacific Partnership discussion in Chapter III.B.5*) as well as through WTO, APEC, ASEAN, and other regional initiatives.

For a discussion of environment related activities in 2015, see Chapter IV.A.2.

B. Other Bilateral and Regional Initiatives

1. The Americas

Free Trade Agreements

The United States continued to implement, enforce, and benefit from its six FTAs covering the following countries in the Americas: Canada and Mexico under NAFTA; Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua under CAFTA-DR; and separate bilateral FTAs with Chile, Colombia, Panama, and Peru. In addition, Canada, Chile, Mexico, and Peru are parties to the recently completed TPP negotiations, making the Americas region a very significant presence in the negotiation of this twenty-first century agreement. (*A description of USTR's FTA focused activity in this region during 2015 can be found in Chapter III.A.*).

Trade and Investment Framework Agreements and other Bilateral Trade Mechanisms

USTR chairs bilateral meetings with non-FTA partners in the Americas to discuss market opening opportunities, including improving access for small and medium sized enterprises (SMEs) and resolving trade issues with those governments. The United States has a Trade and Investment Framework Agreement (TIFA) with Uruguay, signed in January 2007, and with the Caribbean Community (CARICOM), signed in May 2013 to update and enhance a prior TIFA signed in 1991. The United States and Paraguay established a Joint Commission on Trade and Investment in 2004, which last met in November 2015 (see below).

Other Priority Work

The United States continued its engagement with other countries in the region, aimed at fostering bilateral trade relations and resolving trade problems during 2015. Highlights of USTR's other priority activities in the region include:

Brazil

In October 2014, the United States and Brazil signed an MOU to permanently end the WTO cotton dispute, eliminating a longstanding irritant in our bilateral relationship. Under the terms of the MOU, Brazil formally terminated the WTO dispute and gave up its right to introduce countermeasures against U.S. trade or initiate any further proceedings in the dispute. Brazil also agreed not to bring new WTO actions against U.S. cotton support programs until September 30, 2018, or against agricultural export credit guarantees under the GSM-102 export credit guarantee program as long as the program is operated consistent with the agreed terms set out in the MOU.

Bilateral dialogue with Brazil is conducted under the Agreement on Trade and Economic Cooperation (ATEC), which was signed during President Obama's March 2011 trip to Brazil. The ATEC was intended to deepen U.S. engagement with Brazil and expand the trade and investment relationship on a broad range of issues including trade facilitation, intellectual property rights and innovation, and technical barriers to trade. The most recent meeting under the ATEC was held in September 2013. The USTR plans to hold the next meeting under the ATEC during the first half of 2016.

Canada

In February 2011, the United States and Canada launched the U.S.-Canada Regulatory Cooperation Council (RCC). Since then, U.S. and Canadian regulators have engaged in an unprecedented dialogue to facilitate closer cooperation between the two countries to help develop smarter and more effective approaches to regulations, and to help make the U.S. economy stronger and more competitive. In 2014, the RCC developed the Joint Forward Plan and in May 2015 the United States and Canada announced the regulatory partnership statements and annual work plans.

The 2011 Beyond the Border Action Plan articulates a shared approach to security in which United States and Canada work together to address threats within, at, and away from our borders, while expediting lawful trade and travel. The United States-Canada Beyond the Border Executive Steering Committee (ESC) met most recently in June 2015 to review and discuss progress on the Beyond the Border initiative. In May 2015, the White House and Canada's Privy Council Office released the 2014 Beyond the Border Implementation Plan, which reported on progress in the deliverables of the Beyond the Border Action Plan, and a 2015 report is anticipated to be published in early 2016.

As a result of the 1998 United States-Canada Record of Understanding on Agricultural Matters, the United States-Canada Consultative Committee on Agriculture (CCA) and the Province/State Advisory Group were formed in 1999 to strengthen bilateral agricultural trade relations and to facilitate discussion and cooperation on matters related to agriculture. The CCA met in June 2015 to address bilateral trade issues, and strengthen collaboration on issues of mutual interest, including trade barriers in third countries.

Mexico

In May 2013, President Obama and Mexican President Peña Nieto established the High Level Economic Dialogue (HLED) to further elevate and strengthen the dynamic bilateral commercial and economic relationship. The HLED, which is led at the cabinet level, is a flexible platform intended to advance strategic economic and commercial priorities central to promoting mutual economic growth, job creation, and global competitiveness. In 2015, the United States and Mexico began their work on the work plan established at the HLED meeting on January 6, 2015. On February 25, 2016, Deputy USTR Ambassador Robert Holleyman joined Vice President Biden and members of the U.S. cabinet in Mexico City for the third meeting of the HLED. The cabinet officials noted success in meeting 2015 strategic goals.

Throughout 2015, the United States and Mexico, with support from the Standards Alliance, a public-private partnership between the USAID and the American National Standards Institute, continued their cooperation on standards and regulation. On February 9-10, 2016, the United States and Mexico participated in an advanced course on technical barriers to trade for North American Regulators in Mexico City. The purpose of the workshop was to highlight the tools of the TBT Agreement for experienced regulators, especially in areas that support U.S.-Mexican trade and cooperation. Two additional activities are planned for 2016 that will focus on uncertainty and traceability methods for laboratories that perform chemical and environmental tests, and conformity assessment practices for the food sector.

Paraguay

In June 2015, the United States and Paraguay signed a Memorandum of Understanding on Intellectual Property Rights, under which Paraguay committed to take specific steps to improve its IPR protection and enforcement environment, and USTR removed Paraguay from the Special 301 Watch List. In November 2015, Paraguay hosted the twelfth meeting of the Joint Council on Trade and Investment, which had last met in 2011. The United States and Paraguay discussed a broad range of bilateral trade and investment issues, including increased collaboration to expand economic opportunities for businesses and investors, implementation of the MOU on IPR, and market access issues.

2. Europe and the Middle East

USTR's Office of Europe and the Middle East is responsible for bilateral trade relations with the European Union (EU) and its 28 Member States, non-EU European countries, Russia, certain countries of western Eurasia, the Middle East, and North Africa. During 2015, the Office of Europe and the Middle East focused on pursuing negotiations on a comprehensive Transatlantic Trade and Investment Partnership (T-TIP) agreement with the EU; monitoring Russia's implementation of its WTO commitments and responding to Russia's illegal actions in Ukraine; building initiatives in the Middle East/North Africa (MENA) region to support ongoing political and economic reforms as well as trade and investment integration, including through FTAs, BITs, and TIFAs; and working with countries wherever possible, through TIFAs and other arrangements, to resolve trade concerns, expand trade and investment opportunities, and foster commercial and trade policies grounded in the rule of law.

Deepening U.S.-EU Trade and Investment Relations

The U.S. trade and investment relationship with the EU is the largest and most complex economic relationship in the world. Transatlantic trade flows (goods and services trade plus earnings and payments on investment) averaged an estimated $4.7 billion each day of 2015[29]. The total stock of transatlantic investment was $11.2 trillion in 2014. These enormous trade and investment flows constitute a key pillar of prosperity for the United States and Europe, and countries around the world benefit from access to the markets, capital, and innovations of the transatlantic economy.

To further strengthen this critical trade and investment relationship, President Obama announced on February 13, 2013 his intention to pursue comprehensive trade and investment negotiations with the EU. On June 17, 2013, President Obama and EU Leaders announced the launch of negotiations on a T-TIP agreement. By the end of 2015, U.S. and EU negotiators had met in eleven formal rounds, including four in 2015, and were engaging in a wide range of discussions and negotiating sessions between rounds.

[29] Based on trade for first three quarters of 2015.

President Obama and other G7 leaders in June 2015 publicly affirmed their support for an acceleration of the T-TIP negotiations. In a joint statement following their December 11 meeting, Ambassador Froman and EU Trade Commissioner Cecilia Malmstrom affirmed the shared U.S.-EU commitment "to expeditiously reaching an ambitious, comprehensive agreement that promotes economic growth and jobs, strengthens our strategic partnership, and reflects our shared values." They also agreed "to further intensify" work during 2016, "to help negotiations move forward rapidly, including through enhanced intersessional work, frequent formal negotiating rounds, and increased Minister-level consultations."

In establishing U.S. negotiating objectives for the T-TIP agreement, the Administration consulted closely with the U.S. Congress and a wide range of public and private sector stakeholders. The United States is seeking in T-TIP to:

- Further open EU markets to increase the $495 billion in goods and private services the United States exported in 2014 to the EU, our largest export market;
- Strengthen rules based investment to grow the world's largest investment relationship. The United States and the EU already maintain a total stock of $4.2 trillion in investment in each other's economies (as of 2014);
- Eliminate all tariffs on trade in goods;
- Tackle costly unnecessary "behind the border" nontariff barriers that impede the flow of goods, including agricultural goods;
- Obtain improved market access for trade in services;
- Significantly reduce the cost of unnecessary differences in regulations, standards, and conformity assessment procedures by, for example, promoting greater transparency, public participation, and accountability in regulatory procedures, and by achieving greater compatibility in the U.S. and EU approaches to regulation in several economically significant sectors, while maintaining our high levels of health, safety, and environmental protection;
- Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises; and,
- Promote the global competitiveness of small- and medium-sized enterprises.

Ongoing Engagement with the Middle East and North Africa (MENA)

The revolutions and other changes that swept through MENA beginning in 2011 have provided new opportunities and posed new challenges, with respect to U.S. trade and investment relations with MENA countries (especially countries in transition such as Tunisia, Morocco, Jordan, Egypt, and Libya). Pursuant to the President's call in his May 2011 speech to establish a new trade and investment partnership initiative with the MENA region, USTR has coordinated with other Federal agencies, outside experts, and stakeholders in both the United States and MENA partner countries to explore prospective areas for cooperation that could yield the quickest results in terms of increased trade and investment, in addition to developing longer term trade and investment objectives with regional trading partners. In 2015, the United States continued to monitor, implement, and enforce existing U.S. FTAs in the region (Bahrain, Israel, Jordan, Morocco, and Oman); pursued TIFA consultations with Algeria (including attempts to revive engagement with the Algerian government in relation to its WTO accession efforts); and sought new opportunities to cooperate more closely with Egypt and Tunisia.

In 2015, the United States also continued to pursue engagement with the Gulf Cooperation Council (GCC) countries as a group through the United States-GCC "Framework Agreement for Trade, Economic, Investment and Technical Cooperation." Delegations from the United States, the GCC Secretariat, and the six Member States (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) held a meeting under the Agreement in June 2015, discussing key trade and investment issues including customs, intellectual property, control procedures for food imports, standards development, legal harmonization, and WTO initiatives. Enhanced U.S. dialogue with the GCC is aimed at ensuring that U.S. interests are fully represented as the GCC continues to develop as a regional organization dedicated to harmonizing standards, import regulations, and conformity assessment systems among its member states.

Responding to Russian Actions in Ukraine

Notwithstanding the nineteen years of constructive work to align Russia's trade regime with the principles of the WTO, in the past year Russia has continued to move away from those core tenets of trade liberalization, transparency, and rule of law. In many areas, Russia's initial progress toward open, non-discriminatory trading practices has slowed, or even reversed. Russia is pursuing an increasingly protectionist approach to economic development, instituting local content requirements and discriminating against imports. It also continues to use unjustified and retaliatory trade measures against many of its neighbors, as well as against the United States, based on motivations that appear to be political.

Although the United States has restricted its bilateral engagement with Russia as a result of Russia's violations of Ukraine's sovereignty and territorial integrity, we have continued, and will continue, to respond to these policies working through the WTO by reminding Russia of its WTO commitments and the benefits to Russia and to other WTO Members of Russia complying with those commitments. As reflected in USTR's "2015 Report on the Implementation and Enforcement of Russia's WTO Commitments", issued in December 2015, as well as the its "Report on WTO Enforcement Actions: Russia" issued in June 2015, the United States has spent the past year urging Russia to implement fully its WTO commitments and using various WTO mechanisms to obtain compliance where Russia appears to fall short. The United States will continue to monitor Russia's implementation of its WTO obligations and use all available tools of the WTO, as appropriate, to enforce those obligations.

Due, in part, to the sanctions regime against Russia, the United States has engaged only minimally with the Eurasian Economic Commission (EEC), the administrative arm of the Eurasian Economic Union (EAEU), on issues that fall within the EEC's competence (*e.g.*, TBT, SPS, and tariffs). As the EEC assumes more responsibility over the external trade policy of the EAEU member States (Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia), USTR will work with the EEC, Russia, and the individual EAEU member states to ensure compliance with the WTO rules and to open the EAEU's markets to exports of U.S. goods.

Other Priority Trade Activities

In addition to the countries referenced above, the United States also engaged with other key countries in the European, western Eurasian and Middle East/North African regions to promote enhanced trade and investment ties, increase U.S. exports, foster the development of intraregional economic ties, and, where relevant, advance countries' accessions to the WTO (*see Chapter II.J.6. for more information on WTO accessions*).

Notable activities in 2015 included:

- *Turkey*: Recognizing Turkey's growing importance as a trade and investment partner, the U.S. Trade Representative and the Secretary of Commerce co-chair U.S participation in a ministerial level forum designed to enhance bilateral engagement on economic issues, known as the Framework for Strategic Economic and Commercial Cooperation (FSECC). U.S. and Turkish officials to date have conducted three formal FSECC meetings: October 2010 (Washington); June 2012 (Ankara); and May 2014 (Washington). The next meeting is envisioned for 2016 in Turkey. Given Turkey's concerns about the potential for U.S.-EU T-TIP negotiations to affect its trade relations with both the United States and the EU, the United States and Turkey in May 2013 agreed to form a High Level Committee (HLC), associated with the FSECC, to assess such potential impacts and seek new ways to promote bilateral trade and investment. USTR Michael Froman and the Turkish Minister of Economy chair the HLC and most recently met in May 2014. Expert level contacts under the HLC were conducted on several occasions throughout 2015.

- *Ukraine*: In May 2015, the United States and Ukraine held the fifth meeting of the United States-Ukraine Trade and Investment Council in Kyiv. The agenda covered a broad range of issues, including trade and export facilitation and the business and investment climate in Ukraine. The United States supported Ukraine's completion of its accession to the WTO Government Procurement Agreement and encouraged ratification of the WTO Trade Facilitation Agreement. The United States also continued to work with the government of Ukraine to improve the protection and enforcement of intellectual property rights. Finally, the United States continued to provide significant financial support to the government of Ukraine, bilateral loan guarantees and other assistance in an effort to help stabilize and reform Ukraine's economy.

3. Japan, Republic of Korea, and the Asia-Pacific Economic Cooperation Forum

Japan

United States-Japan Trade Relations

In 2015, the United States continued to engage Japan on a broad array of trade and trade-related issues, with the goal of eliminating unnecessary barriers to trade and expanding access to Japan's market. The United States engaged in numerous rounds of negotiations with Japan in the context of the Trans-Pacific Partnership (TPP) negotiations, which Japan joined in July 2013. The United States and Japan likewise continued to hold negotiations in parallel to Japan's participation in the TPP talks to address issues of concern in the motor vehicle and insurance sectors, as well as other nontariff measures in areas such as express delivery, transparency, government procurement, and sanitary and phytosanitary measures. These negotiations were successfully concluded in October 2015. Key outcomes from these negotiations include the following:

Agriculture: Japan is already the fourth-largest market for U.S. agricultural products, with U.S. exports valued at over $11.1 billion in 2015, despite the existence of substantial market access barriers. The TPP agreement covers all agricultural products, and, once implemented, will deliver new and expanded access to Japan's market through a variety of actions and mechanisms. Under the TPP agreement, almost 60 percent of U.S. farm product exports (by value) to Japan will receive duty-free treatment immediately and tariffs on most other products will be phased out over agreed-upon transition periods. For a certain number of products, Japan will substantially cut tariffs over an agreed-upon transition period, in most cases to single-digit levels. In some cases, new tariff-rate quotas (TRQs), both country-specific and TPP-wide, will provide preferential market access for certain quantities of products, including wheat, rice, barley, dairy products, and sweetener and starch products. U.S. agricultural products that will see enhanced access to Japan's market under TPP include: beef and beef products, pork and pork products, poultry and eggs, dairy products, rice and rice products, wheat and wheat products, barley and barley products, corn and corn products, fresh and processed fruits and vegetables, wine, tree nuts, peanuts, soybeans and soybean products, sweetener products, and consumer-ready products.

Automobiles: The provisions in TPP between Japan and the United States on motor vehicle trade create groundbreaking new opportunities for U.S. automobile manufacturers in Japan by, among other things, improving transparency in Japan's regulatory process; expanding Japan's acceptance of certain U.S. motor vehicle standards and ensuring that Japan will not unduly delay the introduction of vehicles that include new technologies; providing that motor vehicles imported under Japan's preferential handling procedure will be eligible for financial incentives that are available to Japanese vehicles; and establishing a rapid consultation mechanism covering new non-tariff measures that may emerge and unnecessarily restrict trade, including those not yet adopted or published, in order to deter the adoption of such measures. Meanwhile, U.S. tariffs on imports of Japanese autos and trucks will be phased out over 25 and 30 years respectively, the longest phase-out periods in TPP, which will provide an opportunity for U.S. firms to pursue market-opening opportunities prior to any reduction in U.S. tariffs. The TPP also includes special, accelerated dispute settlement procedures between the United States and Japan to address violations for matters that relate to motor vehicles, with stiff penalties, including delaying U.S. tariff cuts and a duty snapback. In addition, a special automotive safeguard will be available should an increase in imports cause or threaten to cause serious injury to U.S. producers.

Nontariff Measures: Bilaterally, Japan has also agreed to take a number of actions to address nontariff measures in other areas through steps that will help to eliminate unnecessary barriers to trade, improve transparency, and provide greater opportunities for Americans to compete in the Japanese market. Japan is providing assurances and taking regulatory steps so that U.S. insurance companies have open access to Japan Post's vast distribution network, and can compete on a level playing field and under equivalent conditions of competition with Japan Post as it goes public. Likewise, Japan will improve transparency related to Japan Post's express mail service business activities. Other actions include providing increased opportunities for U.S. firms and other stakeholders to participate in the regulatory process; improving corporate governance standards; participating in a United States-Japan bilateral working group to help prevent unnecessary technical barriers to trade; and ensuring greater transparency in the government procurement process. Japan has already eased restrictions on imported gelatin and collagen, and Japan will streamline the approval process for fungicides and complete approval of internationally commonly-used food additives.

In addition, the United States worked closely with Japan in other multilateral fora in 2015 to address trade issues of common interest, including those in third-country markets. This work included closely coordinating on World Trade Organization (WTO) dispute settlement matters and working toward the successful conclusion of negotiations to expand the WTO Information Technology Agreement. The United States and Japan also worked together with 23 other economies to advance negotiations on the Trade in Services Agreement. The United States and Japan are working closely together in the Asia-Pacific Economic Cooperation (APEC) forum on advancing next generation issues like digital trade; creating an enabling environment for innovation by pursuing best practices for trade secrets protections; developing alternatives to localization policies; and ensuring that APEC member economies implement their groundbreaking commitment to reduce tariffs on environmental goods.

Republic of Korea (Korea)

(*See Chapter III.A.8 for discussion of the United States-Korea Free Trade Agreement.*)

In addition to close engagement with counterparts in the Korean government in FTA committee meetings and working groups under the United States-Korea Free Trade Agreement (KORUS FTA), USTR continues to hold bilateral consultations with Korea in a variety of formats to address bilateral trade issues in a timely fashion, as well as to discuss emerging issues that may fall outside the scope of the FTA. These meetings, which USTR leads, and in which other U.S. agencies participate, are augmented by a broad range of senior level policy discussions. In 2015, the United States and Korea held a number of bilateral trade consultations, in which the United States raised issues including the importance of good regulatory practice to the maintenance of an open and welcoming business environment, proper enforcement of intellectual property and competition policy, and agricultural market access.

Korea has provided important market access for U.S. beef and beef products from animals less than 30 months of age since reopening its market to imports of U.S. beef in June 2008. In 2015, U.S. exports of beef and beef products to Korea topped $810 million, making Korea the fourth largest U.S. beef export market.

The United States and Korea cooperated extensively in a range of multilateral and regional fora to advance opening markets. In APEC, the two economies worked together closely to strengthen regional economic integration in the Asia-Pacific by improving supply chain performance in the region, addressing localization barriers to trade, advancing efforts to identify barriers to digital trade, and ensuring that APEC member economies implement their groundbreaking commitment to reduce tariffs on environmental goods. The United States also supported Korea's capacity building initiative for helping developing economies participate in ongoing regional trade agreement negotiations. Korea joined with the United States and others to launch negotiations in 2013 to conclude a Trade in Services Agreement (TiSA). The TiSA negotiations now include 23 economies, which represent nearly 70 percent of the world's $55 trillion services market in 2014.

APEC

Overview

Since it was founded in 1989, the Asia-Pacific Economic Cooperation (APEC) forum has been instrumental in promoting regional and global trade and investment. APEC provides a unique opportunity to reduce barriers to U.S. exports and to more closely link our economy with the dynamic Asia-Pacific region. Since hosting in 2011, the United States worked with successive APEC hosts (Russia, Indonesia, China, and the Philippines) to build on the momentum created in its host year and ensure that APEC remains a forum that achieves concrete trade and investment outcomes of practical value to stakeholders.

In 2015, the Philippines hosted APEC and focused its theme on "Building Inclusive Economies, Building a Better World." It pursued this vision through four priority areas: enhancing regional economic integration; fostering micro, small and medium enterprises' (MSMEs) participation in regional and global markets; investing in human capital development; and building sustainable and resilient communities. The United States worked with the Philippines to advance important policy objectives, particularly in the area of enhancing regional economic integration.

APEC Leaders and Ministers in their meetings in Manila on November 18-19 agreed to a number of outcomes for 2015 to promote regional economic integration by preventing trade barriers, creating more transparent and open regulatory cultures, and reducing trade costs by making supply chains more efficient. The activities below describe the key outcomes that advance the U.S. trade and investment agenda in the region.

According to the APEC Secretariat, the 21 member economies collectively account for approximately 40 percent of the world's population, approximately 57 percent of world GDP and about 45 percent of world trade (if intra-EU trade is included in world trade, or 59 percent if intra-EU trade is excluded). In 2015, United States-APEC total trade in goods was $2.5 trillion. Total trade in services was $418 billion in 2014 (latest data available). The significant volume of U.S. trade in the Asia-Pacific region underscores the importance of the region as a market for U.S. exports.

2015 Activities

Promoting Trade in Environmental Goods and Services: To ensure full implementation of APEC's groundbreaking 2011 commitment to reduce tariffs on environmental goods to five percent or less by the end of 2015, economies submitted their final tariff reduction implementation plans by the APEC Leaders meeting in November 2015. These implementation plans have been published in early 2016 indicating how APEC economies met that commitment. APEC also agreed to launch a new initiative on addressing barriers to trade in environment services. Finally, in May 2015, the Public-Private Partnership on Environmental Goods and Services (PPEGS) held its second meeting in Boracay, Philippines, in which representatives from APEC governments and the private sector convened to discuss ways that non-tariff barriers (NTBs) to trade in environmental goods and services have been successfully addressed in the APEC region. The United States seeks to use the successes highlighted at this meeting to inform future work in APEC on NTBs in the EGS sector.

Services and Digital Trade: APEC economies adopted the APEC Services Cooperation Framework that will focus APEC work in the field of services. In 2016, APEC economies are tasked with developing a strategic and long-term APEC Services Competitiveness Roadmap which will set targets to be achieved by 2025. In the area of digital trade, APEC supported a U.S.-led initiative to examine the facilitation of digital trade as a next generation trade and investment issue. In 2016, APEC will conduct a thorough review of the issue with the objective of identifying this area of trade as important for the advancement of regional economic integration.

Localization Barriers to Trade: Based on a proposal from the United States, APEC held a Trade Policy Dialogue on how the 2013 APEC Best Practices to Create Jobs and Increase Competitiveness could also apply to localization policies. The United States intends to build on this outcome in 2016 to discourage economies from adopting localization policies.

Supply Chain Connectivity and Performance: In 2015, APEC economies made progress toward meeting the APEC-wide target of achieving a 10 percent improvement in supply chain performance in connection with the Supply Chain Connectivity Framework Action Plan (SCFAP). A final assessment of the SCFAP will be completed in 2016. In addition, APEC continued its work by:

(1) engaging in targeted capacity building in individual economies to improve supply chain performance and implement the WTO Trade Facilitation Agreement;

(2) holding the third APEC Alliance for Supply Chain Connectivity (A2C2), a public-private group that focuses on helping with this capacity building; and

(3) advancing the assessment by the Policy Support Unit (PSU) of APEC economies' progress toward the APEC-wide target of improving supply chain performance.

APEC's supply chain work will make it significantly cheaper, easier, and faster for businesses to trade in the region. In 2015, progress was made on five projects in the Capacity Building Plan to Improve Supply Chain Performance (pre-arrival processing, advance rulings, expedited shipments, release of goods and electronic payments).

Trade Secrets: APEC economies recognized the importance of trade secrets protection and enforcement to innovation, foreign direct investment, and the commercialization of research and development. APEC will continue to advance work on adopting Best Practices in Trade Secret Protection and Enforcement at the earliest possible time.

Advancing Regulatory Cooperation – Electric Vehicles and Advertising Standards: To promote the widespread use of environmentally friendly, technologically advanced electric vehicles, APEC economies adopted a U.S. proposal for the development of the APEC Roadmap for Electric Vehicles. Implementation of this Roadmap should encourage greater electric vehicle production and use - and greater trade and investment opportunities - while advancing APEC's green growth, connectivity, and regional economic integration objectives. APEC economies also adopted a U.S.-led proposal on the Principles for Government's Role in Promoting Effective Advertising Standards, which will assist in stimulating economic growth and cross-border trade through the promotion of competition, consumer demand, and brand awareness.

Regulatory Transparency: In 2015, APEC economies continued to build on earlier work related to good regulatory practices (GRP), including regulatory transparency. Working with the Subcommittee on Standards and Conformance, the Philippines organized the 8th Conference on Good Regulatory Practices, which included panels on regulatory review, the use of a single online portal, and the challenges faced by SMEs. Noting the importance of these conferences, APEC Ministers asked that they be held annually. As a result, the Economic Committee will organize the next GRP conference in 2016. APEC will also conduct an update of the 2011 survey of GRP in the APEC region and will present the results in 2016. The Food Safety Cooperation Forum Partnership Training Institute Network, which strengthens capacity in food safety, held a workshop on effective cooperation between the food industry and regulators. The Wine Regulatory Forum developed a model wine export certificate and established a new working group on GRP. Various APEC bodies organized additional events on GRP that took place in 2015. For example, the Economic Committee organized a conference on international regulatory cooperation and a workshop on regulatory impact assessment. The United States also staged a workshop on automotive regulations on the margins of the Automotive Dialogue.

Free Trade Area of the Asia-Pacific (FTAAP): In 2015, APEC agreed to the terms of reference and editing mechanism for a study on issues related to the eventual realization of the FTAAP; work plans for the chapters for this study were also created by APEC economies responsible for their respective chapters. The study will take into account recent developments in the region related to FTAs, including the recent conclusion of the Trans-Pacific Partnership negotiations, which APEC Leaders have recognized as one of the ongoing regional undertakings that could serve as a potential pathway to an FTAAP. This study does not change the 2010 APEC Leaders' decision that any possible FTAAP would occur outside of APEC.

Supporting the Multilateral Trading System and the World Trade Organization: APEC Leaders in November 2015 reaffirmed the value, centrality, and primacy of the multilateral trade system under the auspices of the WTO. APEC economies reiterated their commitment to strengthening the rules-based, transparent, non-discriminatory, open, and inclusive multilateral trading system. APEC Leaders expressed their commitment to working toward a successful Nairobi WTO Ministerial Meeting, including on an outcome that provides clear guidance to post-Nairobi work. APEC Leaders also reaffirmed their commitment to roll back protectionist and trade distorting measures and extended their standstill commitment to refrain from protectionist measures, including not raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO consistent measures, through 2018.

4. China, Hong Kong, Taiwan, and Mongolia

China

See 2015 USTR Report to Congress on China's WTO Compliance: https://ustr.gov/sites/default/files/2015-Report-to-Congress-China-WTO-Compliance.pdf

U.S.-Hong Kong Trade Relations

The United States continued its efforts to expand trade with Hong Kong, a Special Administrative Region of the People's Republic of China. Following a partial market expansion for beef exports to Hong Kong in 2013 and the World Organization for Animal Health's upgrade of the U.S. risk classification for bovine spongiform encephalopathy to negligible risk, Hong Kong opened its market fully to all U.S. beef and beef products in 2014.

U.S.-Taiwan Trade Relations

The United States-Taiwan Trade and Investment Framework Agreement (TIFA) Council held under the auspices of the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO) is the key forum for both economies to resolve and make progress on a wide range of issues affecting the U.S.-Taiwan trade and investment relationship. The 2015 TIFA Council meeting, co-chaired by Deputy U.S. Trade Representative Ambassador Robert Holleyman and Taiwan Deputy Minister of Economic Affairs Cho Shih-Chao, was held on October 1, 2015 in Taipei, Taiwan. Prior to the October TIFA Council meeting, authorities from both sides convened meetings of the Investment Working Group and Technical Barriers to Trade (TBT) Working Group established at the 2013 TIFA and held numerous expert level discussions on issues including intellectual property rights, agriculture, medical devices, and pharmaceuticals.

In 2015, the TIFA process yielded important concrete results for U.S. stakeholders. The United States welcomed efforts by Taiwan authorities to follow through on the 2014 TIFA commitments related to intellectual property rights (IPR), pharmaceuticals, registration of chemical substances, and offshore data centers for financial institutions. At the 2015 TIFA Council Meeting, additional progress was made on improving the protection and enforcement of intellectual property in Taiwan. For example, Taiwan committed to increase human and financial resources for its IPR enforcement authorities, took steps to address piracy occurring in and around university campuses, and took steps to foster innovation in the pharmaceutical sector. The TIFA also provided a platform for both sides to deepen exchanges and cooperation in the area of protecting and enforcing against trade secret theft and to exchange views on pending revisions to Taiwan's Copyright Act.

Furthermore, at the 2015 TIFA Council meeting, the United States and Taiwan held in-depth discussions on a range of agricultural issues and agreed that more needed to be done to secure meaningful progress. In addition, both the United States and Taiwan recognized the need for further engagement on improving the time-to-market of medical devices, including streamlining regulatory approvals. The TBT Working Group also made important progress on reducing regulatory obstacles in the chemical registration process.

The United States hopes to build upon this progress in 2016 by ensuring full and timely implementation of past TIFA commitments and achieving concrete progress on remaining issues. The United States continues to express serious concerns about Taiwan's agricultural policies that are not based upon science. Removing Taiwan's bans on U.S. pork and certain beef products produced using ractopamine, as well as continued barriers to U.S. beef offal products, are priorities. Other key areas of focus include Taiwan's rice procurement systems, biotechnology labeling, and barriers to U.S. certified organic products in Taiwan.

The United States will continue to work to address and resolve the broad range of trade and investment issues important to U.S. stakeholders through engagement under the TIFA framework as well as through multilateral fora such as the WTO. In addition to agricultural issues, the United States will continue to engage with IPR officials as Taiwan revises its Copyright Act and works to ensure transparency and predictability in pharmaceutical and medical device pricing and reimbursement. The United States will continue to utilize the Investment Working Group for dialogue with Taiwan authorities to address a robust set of priority investment issues to improve Taiwan's investment climate, and also continue to conduct exchanges under the TBT Working Group to ensure that technical regulations do not create excessive burdens for the industries that they affect, such as chemicals, cosmetics, and consumer products.

U.S.-Mongolia Trade Relations

The United States and Mongolia renewed their engagement under the U.S.-Mongolia Trade and Investment Framework Agreement (TIFA) in 2015, holding a meeting in Ulaanbaatar on May 18, co-chaired by Deputy USTR Robert Holleyman and Mongolian Vice Minister of Foreign Affairs Oyundari. This 5th TIFA meeting was the first one since the two sides launched negotiations over a bilateral agreement on transparency in matters relating to trade and investment in 2009. The two sides reviewed Mongolia's ongoing efforts to make the legal changes necessary for their bilateral transparency agreement, signed by the two sides in 2013 and ratified by the Mongolian Parliament in 2014, to enter into force. The TIFA meeting also provided the opportunity to discuss recent changes to Mongolia's investment and mining laws aimed at encouraging more foreign investment into Mongolia as well as a range of investor concerns about Mongolia's investment climate.

5. Southeast Asia and the Pacific

Free Trade Agreements

The United States continued to monitor and enforce its FTAs with Singapore and Australia, which have led to significant increases in U.S. goods and services exports to both countries (*See Chapter III.A. for additional information*).

Trans-Pacific Partnership

The United States completed negotiation of the TPP agreement in October 2015, following more than five years of negotiations, including many plurilateral and bilateral meetings in 2015. In addition to the United States, TPP includes 11 other Asia-Pacific countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam), representing 40 percent of the global economy and 3 of the United States' 4 top trading partners. By cutting more than 18,000 border taxes on U.S. exports, TPP will level the playing field for American workers and businesses, promoting U.S. exports and supporting higher-paying jobs in the United States. TPP will deepen U.S. ties with Asia-Pacific, helping U.S. farmers, ranchers, manufacturers, service suppliers, and small businesses compete in some of the fastest growing markets in the world.

The TPP Agreement provides comprehensive market access, covering the industrial, agricultural goods, and textiles and apparel. It also provides new and improved access to TPP markets for services, financial services, and investment, as well as government procurement, and new approaches for dealing with nontariff barriers. With respect to rules governing trade under TPP, TPP builds on previous agreements to include high standard commitments in all areas. It also addresses new and emerging issues related to digital trade, intellectual property, state-owned enterprises, transparency, anticorruption, environment, and labor. In addition, TPP contains chapters addressing cross-cutting issues to ensure that the benefits of TPP are shared as widely as possible in each TPP economy, including to help small and medium sized enterprises participate more actively in TPP trade; promote good regulatory practices; enhance competitiveness and the development of regional production and distribution chains; and promote development.

Throughout 2015, the Administration continued to consult closely with the U.S. Congress and stakeholders on the TPP negotiations, including on the outcomes of the agreement after it was concluded. On November 5, the TPP text was released publicly. At the same time, the President notified the U.S. Congress of the Administration's intent to sign the TPP agreement, following the 90 day period set forth in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA). The Administration worked collaboratively with the U.S. Congress and consulted with stakeholders as it prepared the agreement for signature (which occurred on Feb. 4, 2016) and worked to complete additional steps laid out in TPA, and consulted with Congressional leadership to prepare the agreement for Congressional consideration as soon as possible.

In November 2015, President Obama and the Leaders from the other 11 TPP countries met in Manila, Philippines on the margins of the APEC Leaders' Meeting. They welcomed the conclusion of the negotiations, which they said had successfully achieved the ambitious objectives they had set for the agreement. They also discussed their domestic review and approval processes, and underscored their interest in fully implementing the agreement as swiftly as possible so that their consumers, workers, farmers, and businesses of all sizes can begin to realize the agreement's shared benefits. While the focus of the United States and its TPP partners is on approval and implementation of the TPP, a number of economies throughout the region have expressed interest in joining the agreement. This interest affirms that through TPP, the United States and its partners are creating a new model for high standard trade in one of the world's fastest growing and most dynamic regions.

Managing U.S.-Southeast Asia and Pacific Trade Relations

In 2015, the United States continued seeking to further deepen economic relations with ASEAN countries, both bilaterally and as a group, under a network of Trade and Investment Framework Agreements (TIFAs) that the United States has concluded. The United States used these mechanisms to discuss initiatives to strengthen trade and investment ties and address bilateral trade issues. For example, based on discussions under the United States-Indonesia bilateral TIFA, Indonesia agreed to include measures of specific interest to the United States in its economic reform packages. The United States and Indonesia also launched an insurance dialogue and conducted a first meeting in November 2015.

The United States used these TIFA and bilateral meetings to work with our trading partners in the region to monitor implementation of their WTO commitments. For example, the U.S. Government continued to work with Laos to support its implementation of its WTO accession commitments and commitments under the United States-Laos Bilateral Trade Agreement.

U.S. TIFA and other bilateral meetings also provided opportunities to coordinate on capacity building and economic assistance projects, including on labor rights and protections in Vietnam and Malaysia. We also continued work on our joint Initiative to Promote Fundamental Labor Rights and Practices together with Burma, Japan, the EU, Denmark, and the International Labor Organization. In November 2015, the United States closed the Generalized System of Preferences (GSP) review of workers' rights in the Philippines based on progress in addressing those concerns, including through reforms of labor laws and regulations, while it accepted a GSP petition to review workers' rights practices in Thailand.

In addition, the U.S. Government used TIFA and bilateral meetings with ASEAN members to provide updates to interested ASEAN countries on the TPP Agreement and discussed their interest in potentially joining the initiative. The United States also continued to use these meetings to coordinate and advance ASEAN, APEC, and WTO initiatives, including the Environmental Goods Agreement, Trade Facilitation Agreement, expansion of the Information Technology Agreement, as well as work under the ASEAN-U.S. TIFA (*See below*).

Expanded Economic Engagement/U.S.-ASEAN Trade and Investment Framework Arrangement

In addition to bilateral dialogues, the United States engaged with ASEAN under the United States-ASEAN TIFA and the ASEAN-United States Expanded Economic Engagement (E3) initiative. The United States continues to pursue several initiatives to expand and deepen economic engagement with the fast growing ASEAN countries, which collectively represent the fourth largest U.S. trading partner in the world, and have a combined GDP of $2.5 trillion. The United States held several high level meetings with ASEAN in 2015 to advance initiatives under E3 and the U.S.-ASEAN TIFA, including in the areas of environment, transparency, investment, information and communications technology, trade facilitation, small and medium sized enterprise development, and the expansion of cooperative work on standards development and practices, including on technical barriers to trade and good regulatory practices. In November 2015, the United States and ASEAN organized a workshop on illegal, unreported and unregulated fishing under the U.S.-ASEAN Trade and Environment Dialogue.

6. Sub-Saharan Africa

Overview

In 2015, the United States renewed its commitment to expanding its longstanding partnership with sub-Saharan Africa. On June 29, 2015, President Obama signed into law the Trade Preferences Extension Act of 2015 (TPEA), which renewed the African Growth and Opportunity Act (AGOA) through 2025, the longest extension in AGOA's history (*See Chapter V.B.8*).

During July 24-26, President Obama traveled to Kenya and Ethiopia – the fourth trip to Africa during his Presidency – meeting with leaders from the African governments, business, and civil society to reinforce the U.S. commitment to accelerate economic growth, strengthen democratic institutions, and improve security. While in Kenya, the President participated in the Global Entrepreneurship Summit (GES), a White House initiative to foster entrepreneurship around the world. The GES in Kenya was the first to take place in sub-Saharan Africa.

On August 24-27, USTR also chaired the annual AGOA Ministerial Forum in Gabon (*for more information on AGOA, see Chapter V.B.8c*). During the Forum, Ambassador Froman announced the launch of a strategic review to begin to define the contours of a deeper and more sustainable U.S.-Africa trade and investment partnership going beyond one-way preferences. USTR conducted extensive outreach with stakeholders in 2015 pursuant to this mandate, with the aim of reporting on the outcomes of the review in a report to Congress in June 2016.

Further, throughout the year, USTR maintained an active program to promote U.S. trade and investment interests across sub-Saharan Africa through a range of events and initiatives, including the U.S.-East African Community (EAC) Trade and Investment Partnership, expansion of the Trade Africa initiative, meetings under TIFAs with certain African countries and regional economic communities, and engagement at the AGOA Forum.

Trade Africa/U.S.-EAC Trade and Investment Partnership

While on a landmark visit to sub-Saharan Africa in the summer of 2013, President Obama announced the Trade Africa initiative, which is a partnership between the United States and sub-Saharan Africa that seeks to increase regional trade within Africa and expand trade and economic ties between Africa and the United States. Trade Africa initially focused on the Partner States of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania, and Uganda.

On February 26, 2015, Ambassador Froman and Trade Ministers from each of the five EAC Partner States marked a milestone for Trade Africa by signing a Cooperation Agreement Among the Partner States of the East African Community and the United States of America on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade. The Agreement will increase trade-related capacity building in these key areas in EAC countries and deepen economic ties between the United States and the EAC.

The United States and EAC also discussed the possibility of negotiating a U.S.-EAC investment treaty to contribute to a more attractive investment environment in East Africa; facilitating U.S.-EAC private sector engagement under the United States-EAC Commercial Dialogue; transforming the East Africa Trade Hub into the East African Trade and Investment Hub to provide additional information, advisory services, and risk mitigation and financing to investors and exporters; and continuing to provide trade capacity building support to the EAC Secretariat and Partner States through a variety of mechanisms.

Total two-way goods trade between the United States and the EAC was $2.0 billion in 2015, with $1.2 billion in U.S. goods exports, and U.S. goods imports totaling $788 million. Kenya was by far the United States' top trading partner within the EAC, with two-way goods trade totaling $1.5 billion, followed by Tanzania with $276 million, Uganda with $154 million, Rwanda with $60 million, and Burundi with $14 million. Top U.S. exports to EAC countries were aircraft, machinery, and electrical machinery. Top U.S. imports included apparel, coffee, macadamia nuts, ores, and semi-precious stones.

Trade Africa Expansion

USTR and other agencies working under the auspices of the Steering Group on Africa Trade and Investment Capacity Building which was established by President Obama in 2014, expanded the Trade Africa initiative beyond the EAC. In the course of this engagement, Cote d'Ivoire, Ghana, Mozambique, Senegal, and Zambia joined the partnership. The United States also committed to provide technical support on trade matters to the Commission of the Economic Community of West African States (ECOWAS). USTR and other agencies then worked to identify activities to improve the new Trade Africa partners' compliance with WTO rules on trade facilitation, sanitary and phytosanitary measures, and technical barriers to trade; foster an improved business climate that supports broad-based economic growth; and address capacity issues that constrain trade.

U.S.-South Africa Trade and Investment Framework Agreement

On April 15, 2015, Ambassador Froman hosted the second meeting of the amended United States-South Africa TIFA that was signed on June 18, 2012 (the amended TIFA replaced an original TIFA signed on February 18, 1999).[30] Discussions focused on improving market access and eliminating barriers to U.S.

[30] The 1999 TIFA was effectively put on hold, by mutual consent, once the United States-Southern African Customs Union (SACU) free trade agreement (FTA) negotiations began in 2002 and ended unsuccessfully in 2006. In 2010, both sides agreed to revitalize and renegotiate the TIFA to allow for sustained discussions and cooperation on key bilateral issues of interest. Modifications to the TIFA included updating the text, making procedural-related changes, and including provisions on corruption, labor, and the environment.

agricultural goods, improving South Africa’s business climate and investment policies, and protecting intellectual property rights. Ambassador Froman led the U.S. delegation; Minister of Trade and Industry Rob Davies led the South African delegation.

U.S.-ECOWAS Trade and Investment Framework Agreement

On August 27, 2015, Ambassador Froman and ECOWAS officials held the inaugural meeting of the United States-ECOWAS Trade and Investment Framework Agreement (TIFA) Council. Among the topics discussed were progress on reducing trade barriers within ECOWAS, deepening U.S.-ECOWAS trade, and the status of the West Africa-European Union Economic Partnership Agreement.

7. South and Central Asia

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; it has grown to an estimated $106 billion in 2015. Although existing Indian trade and regulatory policies have inhibited an even more robust trade and investment relationship, India’s economic growth and development could support significantly more U.S. exports in the future. In particular, the Modi-led government has indicated that market-based, pro-trade domestic reforms will be forthcoming, and India’s planned reform of its goods and services tax could help create a common internal market that significantly lowers transaction costs. Additionally, a roll-back of local content requirements could help create a more level playing field for U.S. manufacturers, and a new intellectual property policy could protect U.S. innovations.

In 2016, the United States will press India to make meaningful progress in relation to these ambitious goals. Among other actions, we will follow through with work plans agreed to during the October 2015 U.S.-India Trade Policy Forum (TPF), which will include convening digital video conferences and in-person meetings on intellectual property rights, and promoting investment in manufacturing, agriculture, and trade in services and trade in goods. This regularized engagement will provide an opportunity to achieve meaningful results on a wide range of trade and investment issues, and allow the United States and India to partner on issues of mutual interest in advance of the 2016 TPF. To enable U.S. investors to do business with greater certainty and predictability in India, we will also continue to assess prospects for moving forward with discussions on a high standard bilateral investment treaty (BIT).

Contributing to Regional Stability

In 2015, in support of U.S. national security objectives in Afghanistan, Pakistan, Iraq, and around the region, USTR strengthened engagement with South and Central Asia as part of a broader effort to boost trade, trade-fostering investment, employment, and sustainable development. Working with other U.S. agencies, USTR participated in bilateral and other high-level meetings with officials from Afghanistan, Pakistan, and Iraq. Key highlights from 2015 include the following:

- USTR continued its work with Afghanistan to reform its legal and regulatory regime related to trade and investment to provide a pathway to a more stable and growing economy. Under the United States-Afghanistan Trade and Investment Framework Agreement (TIFA), both sides focused on efforts on improving trade and investment flows, as well as continuing to assist Afghanistan in acceding to the World Trade Organization (WTO), a milestone that was achieved late in the year.

- USTR worked with Iraq to identify ways to address the critical revenue shortfall caused by low oil prices and the fight against ISIS. Working with U.S. Customs and Border Protection, USTR advised Iraqi officials on revamping Iraq's customs procedures, an undertaking that is expected to increase revenues by $2 billion annually. Other discussions focused on boosting USTR's cooperation with Iraqi sub-central governments such as Kurdistan and Basra, WTO accession, establishment of dispute resolution procedures, and the use of international standards in agriculture and government procurement. USTR continues to review Iraq's eligibility for the GSP in response to a petition from the AFL-CIO that alleges violations of internationally recognized worker rights. During 2015, Iraq convened government/employers/worker discussions aimed at amending its 1987 Saddam-era labor code, and succeeded in passing important reforms, supported by stakeholders, that directly address a number of the chief complaints in the GSP/worker rights petition.

- During Pakistan Prime Minister Nawaz Sharif's October 2015 visit to the United States, USTR unveiled an Augmented Joint Action Plan to Increase Trade and Investment that is to be implemented over the next five years. Among other initiatives, in 2016, Pakistan and the United States will intensify engagement on trade and investment issues by bringing together U.S. and Pakistani companies, focusing on addressing intellectual property protection issues as identified in the Special 301 Report, reviewing needed legal and regulatory reforms, improving worker rights, addressing investment climate issues, and conducting outreach to the private sector in Pakistan to promote a better understanding of the U.S. GSP program.

- With USTR, the USAID Missions in Afghanistan and Pakistan, and Central Asia have developed and supported implementation of cross-border trade agreements throughout the region, including the Afghanistan Pakistan Transit Trade Agreement (APTTA) and the South Asian Free Trade Area (SAFTA) Agreement. Border crossing procedures have been streamlined with joint training and collaboration. Afghanistan's recent accession to the WTO will provide an impetus to efforts to foster improved transit trade and regional connectivity. Such efforts will form the pillar of our work for 2016.

Supporting Workers' Rights in Bangladesh

Following the 2013 suspension of Bangladesh's GSP benefits based on shortcomings related to workers' rights, USTR dedicated significant time in 2014 and 2015 to work with the government of Bangladesh and other stakeholders to monitor Bangladesh's progress in addressing U.S. concerns. In September 2015, USTR led a senior delegation to Bangladesh to assess the status of efforts to address workers' rights and workers' safety issues. Although Bangladesh has made some progress on these issues, especially with respect to workplace safety, more progress is necessary before GSP benefits can be restored, particularly with respect to rights of association, union registration, and the protection of labor leaders from violent reprisals. USTR will continue to work with all stakeholders in 2016 to encourage additional progress on workers' rights and workers' safety issues.

In November 2015, the United States and Bangladesh met under the United States-Bangladesh Trade and Investment Cooperation Forum Agreement (TICFA). The TICFA provides a mechanism for both governments to discuss trade and investment issues and areas of cooperation, and provides an additional means for the U.S. Government to exchange views on Bangladeshi efforts to improve workers' safety and workers' rights.

For 2016, USTR plans to continue its efforts to promote stronger respect for workers' rights in Bangladesh. The U.S. Department of State, the U.S. Department of Labor, and USAID continue to implement technical assistance projects aimed at addressing the concerns that led to the withdrawal of GSP. USTR continues to coordinate its efforts with the Government of Bangladesh, the European Union, the International Labour Organization (ILO), and multi-stakeholder initiatives, such as the Alliance for Bangladesh Worker Safety and the Bangladesh Accord on Fire and Building Safety. A planned meeting of the Bangladesh Sustainability Compact, which includes the European Union, the Bangladesh government, the U.S. Government, and the ILO, will be one focus of bilateral efforts, along with an envisioned meeting of the U.S.-Bangladesh TICFA Council later in 2016 in Bangladesh.

Communicating the Importance of Ensuring Women's Economic Empowerment through Trade and Investment Agreements in Central and South Asia

In 2015, the United States continued to work with partner governments in the region, the private sector, think tanks, the media, and U.S. Embassies to effectively explain the economic importance of empowering women entrepreneurs and business owners to better take advantage of trade and investment opportunities. USTR worked to fully implement the 2014 Memoranda of Understanding (MOU) with the governments of Pakistan and Kazakhstan on Women's Economic Empowerment, and initiated discussions with a number of other South Asian countries on negotiating similar MOUs. In 2016, we aim to complete an MOU with at least one additional South Asian trading partner.

Advancing U.S. Engagement with Central Asia

USTR's longstanding support for WTO membership for the central Asian countries helped facilitate Kazakhstan attaining WTO membership in 2015. Support for WTO accession of Uzbekistan and Turkmenistan continued. For 2016, USTR plans to increase activities aimed at advancing accession for these two countries. Also, the United States-Central Asia TIFA Council meeting will convene in Bishkek, Kyrgyzstan, with the five Central Asian countries – Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, and Tajikistan – as Members, plus Afghanistan as an Observer. This TIFA Council meeting will focus on actions to boost regional economic cooperation and connectivity; customs issues; women's economic empowerment; energy trade; and, country-specific trade/investment issues, via Bilateral Working Group consultations with each of the TIFA Parties.

Improving Trade and Investment Relations with Sri Lanka, Nepal, and the Maldives

In late 2014, Sri Lankan voters elected a reform-minded government focused on human rights and accountability for actions during Sri Lanka's long war against Tamil insurgents. This development has enhanced U.S.-Sri Lankan relations. USTR has responded by developing a new mechanism for promoting bilateral trade and investment—a Joint Action Plan to Boost Bilateral Trade and Investment (JAPTI). The JAPTI sets out a roadmap that could double U.S.-Sri Lanka trade and FDI flows over the next five years by targeting the laws, regulations, and practices that have hindered Sri Lankan external trade and investment. In 2016, USTR plans to finalize and launch the JAPTI as part of the United States-Sri Lanka TIFA to be held in April in Washington.

As a follow-up to the first ever TIFA meeting with the Maldives in 2014, USTR continued to monitor efforts to improve workers' rights in the Maldives, including through U.S. Department of Labor technical assistance. USTR also continued discussions aimed at implementing best strategies to increase bilateral trade and investment in the country's fishing and tourism industries. For 2016, USTR is aiming for a follow-up TIFA council meeting in the Maldives.

Nepal has struggled under successive interim governments and is still recovering from a devastating earthquake that struck the country in 2015. In this environment, trade and investment can play a major role in helping Nepal recover and develop its economy. Nepal made helpful strides in late 2015. In October, Nepal submitted its Category A notification under the WTO Trade Facilitation Agreement to the WTO, and in November, it issued a new foreign trade policy. The United States will continue to work with Nepal in 2016 to help aid its recovery and to deepen bilateral trade engagement.