

VI. Trade Policy Development

A. Trade Capacity Building

The United States is the largest single-country donor of trade-related technical assistance in the world, reflecting its commitment to helping developing countries participate fully in the global trading system. The President's Trade Policy Agenda for 2003 stated that the "United States is committed to expanding the circle of nations that benefit from global trade...[and] to help[ing] developing economies build the capacity to take part in trade negotiations, implement the rules, and seize opportunities." The details provided below show that we are living up to that commitment.

U.S. trade capacity building (TCB) efforts stem from the basic belief that trade is critical to the growth of developing countries, and that providing funds to these countries to enhance their participation in global trade is a highly leveraged form of development assistance. By having increased capacity to take part in trade negotiations, implement the rules, and seize opportunities, developing countries can achieve win-win results for themselves and their trading partners. A key component of TCB assistance is that it is demand driven and in support of trade strategies designed by the recipients themselves.

The United States devoted substantial resources to TCB activities in FY2003 through the United States Agency for International Development (USAID) and a dozen or so other agencies, totaling almost \$752 million, up 18% from FY2002 (see <http://www.ustr.gov> or <http://www.usaid.gov> for the U.S. Government TCB Database). This funding was allocated as follows:

- \$174 million in the Middle East and North Africa;
- \$150 million in Latin America and the Caribbean;

- \$133 million in sub-Saharan Africa;
- \$92 million in Asia;
- \$84 million in the former Soviet Republics;
- \$65 million in Central and Eastern Europe; and
- \$53 million for non-targeted global projects.

The United States was also the largest single-country contributor to the World Bank and other multilateral development banks, which provide an increasingly broad range of TCB assistance to the Doha Development Agenda, the Free Trade Area of the Americas Hemispheric Cooperation Program, and other technical assistance frameworks.

The United States directly supports the WTO's trade-related technical assistance (TRTA) (see Chapter II). For example, in Cancun, the United States pledged an additional \$1.2 million for WTO TRTA. This contribution augmented \$1 million given earlier in 2003, bringing total United States support for WTO TRTA to more than \$3 million since the launch of Doha negotiations in November 2001. This money was in direct support of programs such as the annual WTO Technical Assistance Plan.

The United States is also a strong supporter of the Integrated Framework (IF). For example, the United States has contributed funds for the past three years to the Integrated Framework Trust Fund to finance Diagnostic Trade Integration Studies (DTIS). This includes \$200,000 of the Cancun pledge being specifically reserved for the Trust Fund. Further, USAID's bilateral assistance to the 13 Least Developed Countries currently participating in the renewed IF exceeded \$32 million in fiscal year 2003, more than double the previous year's expenditures. These funds support initiatives both to integrate trade into national economic and development strategies and to address high priority "behind the border"

capacity building needs designed to accelerate integration into the global trading system.

The United States also supports countries that are in the process of acceding to the WTO. For example, USAID provided WTO accession and implementation services to Nepal, which officially became a WTO member at Cancun, and Cape Verde. In addition, many countries in Eastern Europe and the former Soviet Union have also benefited from USAID support in this area.

Although the WTO and the Integrated Framework are priorities, they are only part of the U.S. TCB effort. The United States recognizes the need to build the capacity of developing countries with which it is negotiating free trade agreements. To complement the on-going FTAA, CAFTA, and SACU free trade negotiations, separate cooperative groups on trade capacity building were established with the purpose of defining and identifying priority needs.

1. Hemispheric Cooperation Program

The Hemispheric Cooperation Program (HCP), launched by the United States and its FTAA partners at the November 2002 Quito Ministerial Meeting, is a special trade capacity building initiative to assist FTAA countries in benefiting fully from hemispheric free trade. The Hemispheric Cooperation Program gives donors the opportunity to find innovative ways to work with other resource partners to integrate trade into development strategies such as the Poverty Reduction Strategies developed in conjunction with the World Bank.

The foundation of the HCP is the national or regional TCB strategies, which identify trade-related technical assistance needs in three key areas: participation in FTAA negotiations, implementation of FTAA commitments, and economic adjustment relating to the FTAA and economic integration. USAID, along with the Inter-American Development Bank (IDB), Organization of American States (OAS), and United Nations

Economic Commission for Latin America and the Caribbean (ECLAC), provided support to those countries choosing to prepare TCB strategies. The strategies cover a range of areas including customs facilitation, environmental assessments, animal and plant health, public outreach, small business development, and rural diversification.

On October 14-15, 2003, the first Hemispheric Cooperation Program Donor-Country Roundtable was held. At the roundtable, countries including Brazil, Canada, Chile, Mexico, and the United States expressed their commitment to provide assistance and were joined by many donor institutions. Key highlights and outcomes of the Donor-Country Roundtable included:

- Focusing the attention of the donor community to the Hemispheric Cooperation Program and how it aims to be driven by TCB strategies prepared by the countries themselves.
- Providing the recipient countries within the various sub-regions an opportunity to begin focusing on cross-cutting TCB needs. This helps those countries identify the TCB needs that are of highest priority within each sub-region.
- Helping the FTAA countries and the donor community to begin to mainstream TCB into the conceptualization and implementation of the donor's development assistance strategies and the countries' national development planning.
- Advancing the dialogue among countries on how the Hemispheric Cooperation Program can best be a useful vehicle in helping recipient countries mobilize TCB assistance.

The United States continues to demonstrate its long-term commitment to its neighbors through the efforts of over 10 U.S. government agencies in both bilateral and regional activities. U.S. trade-related technical assistance in the hemisphere reached \$150 million in FY 2003, an increase of \$47 million from FY 2002 levels.

2. Central America

Through the US-CAFTA TCB working group, the United States and institutions like the IDB have helped the Central American countries to develop their own national trade capacity building strategies. Through these strategies, the governments identified their trade capacity building needs, to which the U.S. Government, international institutions, corporations, and non-governmental organizations have begun to respond.

This year, in response to the needs identified by the Central American countries, the U.S. Government provided over \$61 million in TCB assistance, far greater than the \$47 million projected at the beginning of the negotiations. Since the launch of negotiations, the IDB has approved more than \$320 million in CAFTA-related operations.

The TCB working group helped attract private and non-governmental organizations to join in the effort of trade capacity building. For example:

- The Humane Society of the United States (HSUS) developed “The CAFTA Alliance” partnership to promote environmentally sustainable and humane agricultural programs, as well as the protection of wildlife and habitat.
- The City of New Orleans and the State of Louisiana worked with local universities and entrepreneurs to establish “Idea Village International,” an institute to train entrepreneurs in Central America.

In a first for any free trade agreement, CAFTA institutionalizes trade capacity building through a Committee on Trade Capacity Building. This recognizes the importance of such assistance in promoting economic growth, reducing poverty, and adjusting to liberalized trade.

The Committee on Trade Capacity Building will build on work done during the negotiations to enhance partnerships with international

institutions (Inter-American Development Bank, World Bank, Organization of American States, ECLAC, and the Central American Bank for Economic Integration), non-governmental organizations, and the private sector.

3. Africa

a. Southern African Customs Union (SACU)

The cooperative group supporting the U.S.-SACU FTA underscores the Administration’s position that empowering SACU by providing it assistance will ultimately result in an agreement that is beneficial for all involved. This assistance needs to account for the differing sizes of economies and levels of development of the SACU members. As an illustration of its commitment to make TCB a fundamental element of the negotiations, the United States has pledged an initial \$2 million in TCB assistance to SACU in relation to the FTA. At the end of 2003, SACU was in the process of developing an integrated strategy to help ensure that the provision of FTA-related technical assistance is coordinated. In addition to providing training, the United States has provided the trade ministries of Botswana, Lesotho, Namibia and Swaziland with computers to enhance intra-SACU policy coordination and a TCB “facilitator” who will be responsible for coordinating technical assistance activities.

The cooperative group intends to work actively with the private sector and foundations to bring additional resources and creativity to the US-SACU FTA. For example, future cooperative group meetings will bring together public and private donors to identify the best possible programs to meet the needs identified in SACU’s integrated strategy.

In FY2003, the U.S. Government provided \$6.6 million in trade-related technical assistance to SACU, up from \$5.6 million the year before. SACU members also had access to part of the \$18.6 million assistance provided to the Southern African Development Community.

b. African Growth and Opportunity Act (AGOA)

Trade capacity building is an important element of AGOA implementation. Several U.S. agencies—including USAID, Customs and Border Protection, and the Departments of State, Agriculture and Commerce—have conducted technical assistance and outreach programs designed to assist beneficiary countries to maximize their AGOA benefits. AGOA implementation is a major focus of the three USAID-funded Regional Hubs for Global Competitiveness in sub-Saharan Africa (in Botswana, Kenya, and Ghana). In addition, over the past few years, USTR has coordinated through the USAID-funded Africa Trade and Investment Policy Program (ATRIP) more than 20 regional and national technical assistance seminars on AGOA across sub-Saharan Africa. These seminars, in which representatives of several U.S. agencies participate, are designed to help ensure that the sub-Saharan African public and private sectors are equipped to fully utilize AGOA benefits.

In FY2003, the U.S. Government provided almost \$69 million in trade-related technical assistance to AGOA-beneficiary countries, up from \$61 million the year before.

Other

For more details on TCB efforts for APEC, Bahrain, Morocco and the WTO, please see corresponding sections of this report.

B. Congressional Affairs

In 2003, the Administration worked closely with the 108th Congress to move forward and complete action on critical trade legislation, including measures to implement key free trade agreements. The Administration also consulted regularly with Congress regarding ongoing bilateral, regional, and global trade talks, the initiation of new trade negotiations with several important trading partners, and several trade compliance matters.

In July, the Congress considered and passed legislation to implement the U.S.-Chile Free Trade Agreement and the U.S.-Singapore

Free Trade Agreement. The President signed this legislation into law in September.

USTR continued close consultations with Congress regarding the U.S.-Central America Free Trade Agreement, which was concluded in mid-December. USTR also maintained discussions with Congress regarding negotiations on the U.S.-Southern African Customs Union (SACU) Free Trade Agreement, U.S.-Australia Free Trade Agreement, and the U.S.-Morocco Free Trade Agreement.

USTR also consulted closely with Congress regarding ongoing negotiations of the WTO Doha Agenda, including hosting over 60 Members of Congress and staff at the September WTO ministerial in Cancun, Mexico. In addition, USTR worked with Congress regarding negotiations for the Free Trade Area of the Americas, including hosting Congressional staff at the November mini-Ministerial meeting in Miami, Florida.

USTR also worked to keep Congress informed regarding the Administration's intent to initiate negotiations on several new Free Trade Agreements, including the U.S.-Dominican Republic Free Trade Agreement, U.S.-Thailand Free Trade Agreement, U.S.-Panama Free Trade Agreement, and a U.S.-Andean Free Trade Agreement that could include separate negotiations with Columbia, Peru, Bolivia and Ecuador. USTR also worked with Congress regarding the launch of the President's Middle East Free Trade Area initiative, which included announcing an intent to initiate negotiations on a U.S.-Bahrain Free Trade Agreement.

USTR also worked in close partnership with Congress on a number of other critical trade-related issues, including China's compliance with its WTO commitments, the section 201 investigation on steel, Canadian softwood lumber, Foreign Sales Corporation/Extraterritorial Income, compliance with WTO rulings regarding the 1916 Act, section 211, Irish music licensing, and intellectual property protection, among other important matters.

C. Private Sector Advisory System and Intergovernmental Affairs

USTR's Office of Intergovernmental Affairs and Public Liaison (IAPL) administers the federal trade advisory committee system and provides outreach to, and facilitates dialogue with, state and local governments, the business and agricultural communities, labor, environmental, consumer, and other domestic groups on trade policy issues.

First, the advisory committee system, established by the U.S. Congress in 1974, falls under the auspices of IAPL. The advisory committee system was created to ensure that U.S. trade policy and trade negotiating objectives adequately reflect U.S. public and private sector interests. The advisory committee system consists of 31 advisory committees, with a total membership of up to 1,000 advisors. It is managed by IAPL, often in cooperation with other agencies including the Departments of Agriculture, Commerce, Defense, and Labor, and the Environmental Protection Agency.

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

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

1. The Advisory Committee System

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

The system currently consists of 31 advisory committees, with a total membership of up to 1,000 advisors. (Currently, there are approximately 700 advisors). Recommendations for candidates for committee membership are collected from a number of sources including Members of Congress, associations and organizations, publications, other federal agencies, and individuals who have demonstrated an interest or expertise in U.S. trade policy. Membership selection is based on qualifications, geography, and the needs of the specific committee. Members pay for their own travel and other related expenses.

The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); five policy advisory committees; and 26 technical, sectoral, and functional advisory committees. Additional information can be found on the USTR website (<http://www.ustr.gov/outreach/advise.shtml>). In 2004, the number of industry committees at the technical level will be streamlined and consolidated to better reflect the composition of the U.S. economy.

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

In 2003, USTR introduced a significant improvement to facilitate the work of the advisory committees, by creating for the first time a secure encrypted advisors' website with password protection. Confidential draft texts of FTA agreements are now posted to the secure website on an ongoing basis, to allow advisors to provide comment to U.S. officials in a timely fashion throughout the course of negotiations. This has

enhanced the quality and quantity of input from cleared advisors, especially from those advisors who reside outside of Washington, DC and had difficulty accessing documents in the past.

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

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

b. Policy Advisory Committees

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

c. Sectoral, Functional and Technical Committees

At the third tier, the 27 sectoral, functional, and technical advisory committees are organized in two areas: industry and agriculture. Representatives are appointed jointly by the USTR and the Secretaries of Commerce and Agriculture, respectively. Each sectoral or technical committee represents a specific sector or

commodity group (such as textiles, or grains and oilseeds) and provides specific technical advice concerning the effect that trade policy decisions may have on its sector. Presently, there are six agricultural technical committees co-chaired by USTR and Agriculture and twenty-one industry committees co-chaired by USTR and Commerce.

In 2004, the industry trade advisory committee system will be streamlined and consolidated by USTR and Commerce to ensure that the committees reflect today's U.S. economy and vision for the future, since the current committees were put in place more than twenty years ago. The new structure will reflect important changes in the U.S. economy since then. As of spring 2004, sixteen new Industry Trade Advisory Committees (ITACs) will replace the existing twenty-one committees. The restructuring is consistent with recommendations in a recent U.S. General Accounting Office Report, "*International Trade: Advisory Committee System Should be Upgraded to Better Serve U.S. Policy Needs*" (GAO 02-876), and reflects the commitment of Commerce and the USTR to improve the trade advisory committee system. All current members of the industry advisory committee system have been invited to continue their service within the new structure.

2. State and Local Government Relations

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

the states on trade-related matters. This is accomplished through a number of mechanisms:

a. State Point of Contact System

For day-to-day communications, USTR created a State Single Point of Contact (SPOC) system. The Governor's office in each State designates a single contact point to disseminate information received from USTR to relevant state and local offices, and assist in relaying specific information and advice from the states to USTR on trade-related matters. The SPOC network ensures that state governments are promptly informed of Administration trade initiatives so their companies and workers may take full advantage of increased foreign market access and reduced trade barriers. It also enables USTR to consult with states and localities directly on trade matters which affect them. SPOCs regularly receive USTR press releases, *Federal Register* notices, and other pertinent information.

b. Intergovernmental Policy Advisory Committee

For advice from states and localities on trade policy matters, USTR has established an Intergovernmental Policy Advisory Committee on Trade (IGPAC). It is one of the five policy advisory committees discussed above. The IGPAC is comprised entirely of state and local officials and associations. Appointed on a bipartisan basis, the committee makes recommendations to the Trade Representative and the Administration on trade policy matters. In 2003, USTR took important steps to improve and reenergize the IGPAC and USTR's partnership with states and localities, by holding more frequent IGPAC meetings and briefings; inviting permanent staff liaisons from the National Governors' Association (NGA), National Conference of State Legislatures (NCSL), National Association of Attorneys General (NAAG), Council of State Governments (CSG), National Association of Counties (NACo), and National League of Cities (NLC) to become full IGPAC members; and extending an invitation to all of USTR's State Points of Contact to obtain the security clearance necessary to join the IGPAC. Augmenting IGPAC's membership will greatly

expand opportunities for state and local governments to provide comments and advice on trade agreements, since cleared advisors are allowed access to a secure advisors' website in order to review draft negotiating texts. In 2003, IGPAC was briefed and consulted on trade priorities of interest to states and localities, including government procurement, services, and investment issues in the WTO, FTAA, and bilateral FTA negotiations.

c. Meetings of State and Local Associations

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

d. Consultations Regarding Specific Trade Issues

USTR initiates consultations with particular states and localities on issues arising under the WTO and NAFTA agreements, and frequently responds to requests for information from state and local governments. Topics of interest included the WTO Government Procurement Agreement; WTO services issues; Free Trade Area of the Americas, bilateral FTA negotiations; NAFTA investment issues, and others.

3. Public and Private Sector Outreach

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

meets with a broad spectrum of private sector and non-governmental groups.

a. 2003 Outreach Efforts

The 2003 trade agenda provided many opportunities for USTR to conduct outreach to, and consultations with, diverse trade policy stakeholders including the advisory committees, state and local governments, private sector and non-governmental groups.

i. World Trade Organization

Throughout 2002, IAPL worked on public outreach related to multilateral trade negotiations launched in 2001 at the WTO Ministerial in Doha, Qatar. This included the solicitation of comments from the public on important WTO issues such as services, agriculture, and market access negotiations. Throughout 2003, USTR built on that work and solicited advice from cleared advisors, other domestic stakeholders and the general public regarding U.S. objectives for the Doha Development Agenda. During the course of the WTO Ministerial in Cancun, Mexico in September 2003, USTR undertook an unprecedented outreach effort to keep advisors and the public fully informed of continuing developments, via daily webcast briefings on USTR's website, Trade Fact sheets, and other press releases and updates.

ii. Free Trade Area of the Americas

Throughout 2003, USTR briefed and facilitated consultations with advisory committees, other stakeholders and the general public on the FTAA agenda leading up to the FTAA Ministerial in Miami, Florida. As the host of the Miami Ministerial, USTR worked closely throughout the year with officials from the State of Florida, county, and city representatives in Miami to ensure the success of the meeting and to provide ample opportunity for input from the private sector and civil society during the FTAA negotiations. The 8th Americas Business Forum (ABF), organized by private sector groups from throughout the Hemisphere, and the 1st Americas Trade and Sustainable Development

Forum (ATSDF), organized by the University of Miami North-South Center in partnership with NGOs from throughout the Hemisphere, were open to anyone in the public who registered and were convened within the security perimeter. FTAA government delegates were strongly encouraged by USTR to attend the fora and meet directly with the private sector and civil society. At the conclusion of the fora, representatives from both the ABF and ATSDF met with the 34 Ministers in an unprecedented roundtable dialogue discussion that was televised live and webcast to the public.

In 2003, the 34 FTAA governments also agreed to convene a series of public issue meetings around the Hemisphere, in order to hear the views of civil society directly. The first was held in June 2003 in Sao Paulo, Brazil on the topic of Agriculture, and the second was held in September 2003 in Santiago, Chile on the topic of Services. U.S. government and civil society groups, such as the American Farm Bureau Federation, Oxfam, and the State of Georgia, attended. In 2004, public meetings are planned in the Dominican Republic on the topic of Intellectual Property Rights and in the U.S. on market access and small business. Members of the public are invited to attend.

iii. Bilateral Trade Agreements

In 2003, USTR briefed and facilitated consultations with advisory committees and other stakeholders on negotiations to conclude free trade agreements with Singapore and Chile. This included frequent teleconference briefings on the progress of bilateral negotiations with Chile, issuing public fact sheets on the agreements with Chile and Singapore, and making materials widely available on the USTR website. Advisory committee reports on the Chile and Singapore FTAs, as required under the Trade Act of 2002, were delivered to the President, USTR, and Congress and made public on USTR's website months in advance of Congressional consideration of the FTAs, to enable informed public discussion. Throughout the year, USTR also consulted with advisors and other stakeholders regarding other FTA negotiations in progress or

pending, including the Central American Free Trade Agreement (CAFTA), the South African Customs Union (SACU); Morocco; Australia; Bahrain; Panama; Dominican Republic; Thailand; Andean countries.

iv. Monitoring and Compliance Activities

USTR briefed and facilitated consultations with advisors and other stakeholders on disputes including the WTO steel dispute; the case brought by the EU against the U.S. Foreign Sales Corporation; and other items. Other issues of interest to advisors and domestic groups included the protection of U.S. intellectual property rights; agriculture and biotechnology issues.

v. Sectoral Initiatives

USTR, in coordination with other federal agencies, facilitated briefings and consultations with advisors and other stakeholders on the Bush Administration's Multilateral Steel Initiative.

vi. Public Trade Education

USTR continues its efforts to promote and educate the public on trade issues. USTR has participated in education efforts regarding the range of trade activities and benefits through speeches, publications, and briefings. In 2003, USTR continued its new e-mail service, called Trade Facts, to update interested parties on important U.S. trade initiatives. This service provides USTR press releases, fact sheets and background information to advisors and to the general public. USTR's Internet homepage serves as a vehicle to communicate to the public. USTR continued to use recorded webcasts to update the public on a daily basis from the WTO Cancun Ministerial, the FTAA Miami Ministerial, and used teleconference briefings for updates on other negotiations. During 2003, IAPL assisted in efforts to revise the USTR website, including improving the organization of the website and adding buttons and links to make the site more user-friendly. The USTR internet address is <http://www.ustr.gov>.

D. Policy Coordination

USTR leads the Executive Branch in the development of policy on trade and trade-related investment. Under the Trade Expansion Act of 1962, the Congress established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that are central to this process. The TPSC is the first line operating group, with representation at the senior civil servant level. Supporting the TPSC are more than 80 subcommittees responsible for specialized areas. The TPSC regularly seeks advice from the public on its policy decisions and negotiations through *Federal Register* notices and public hearings. In 2003, the TPSC held three public hearings on the following proposals: China's Compliance with WTO Commitments (October 3, 2003); U.S.-Dominican Republic Free Trade Agreement (October 8, 2003); and U.S.-Bahrain Free Trade Agreement (November 5, 2003). The transcripts of these hearings are available on <http://www.ustr.gov/outreach/transcripts/index.htm>

Through the interagency process, USTR assigns responsibility for issue analysis to members of the appropriate TPSC subcommittee or task force. The conclusions and recommendations of this group are then presented to the full TPSC and serve as the basis for reaching interagency consensus. If agreement is not reached in the TPSC, or if particularly significant policy questions are being considered, issues are referred to the TPRG (Deputy USTR/Under Secretary level).

Member agencies of the TPSC and the TPRG consist of the Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, and Health and Human Services, Homeland Security, the Environmental Protection Agency, the Office of Management and Budget, the Council of Economic Advisers, the Council on Environmental Quality, the International

Development Cooperation Agency, the National Economic Council, and the National Security Council. The United States International Trade Commission is a non-voting member of the TPSC and an observer at TPRG meetings. Representatives of other agencies also may be invited to attend meetings depending on the specific issues discussed.