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TRADE POLICY REVIEW

REPORT BY

UNITED STATES

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by the United States is attached.

Contents

1 THE UNITED STATES IN THE GLOBAL TRADING SYSTEM

1.1. As we undergo our fifteenth trade policy review, the United States affirms that our priorities at the WTO and in the global trading system are more important than ever. We are leveraging our core values of fairness, inclusivity, growth, and sustainability to navigate the myriad complex challenges we find ourselves in today: a pandemic response, violent conflict initiated by one WTO Member against another, supply chain shortages, and environmental concerns.

1.2. The United States recognizes that trade can – and should – be a force for good. Done right, and in coordination with other policy disciplines, it can grow the middle class, redress inequality, and level the playing field by promoting fair competition. We remain committed to upholding a fair and open global trading system – one that follows through on our partners' longstanding commitment to conduct economic relations with a view to raising standards of living, ensuring full employment, and promoting sustainable development.

1.3. To realize these goals, we must take stock of what has worked and what has not. This requires us to identify and rethink aspects of the existing trading system that incentivize or enable unfair competition. Competition in a global market provides Americans access to a wider variety of goods and services at competitive prices. But, too often our existing global trade rules have rewarded advantages that are not based on fair competition. Consumers in the global marketplace are wage earners, producers, and members of broader communities that feel the effects of our trade policies. A trade model that promotes exploitation, whether of workers or the environment, is not efficient – it is a form of unfair competition. And it is not sustainable.

1.4. For these reasons, the Administration continues to advance its worker-centered trade policy. We are standing up for workers' rights – but it is more than that. We are promoting a broader agenda of fair competition to ensure that workers are competing on the basis of skills and creativity, not exploitative cost advantages. We are focused on working with fellow WTO Members to chart new trade rules that do more to advance decarbonization and other critical environmental standards, support U.S. farmers, promote sustainable and resilient supply chains, and combat the COVID-19 pandemic.

1.5. We know we cannot effectively advance our worker-centered trade policy alone. Many of our fellow WTO Members share our goal of a fairer, more sustainable international economic regime, and we are steadily forging the partnerships necessary to update and enforce the rules governing the global economy and trade. One example is the deal we reached with the European Union (EU) to combat global oversupply in the steel and aluminum industry and negotiate a first-of-its-kind trade arrangement predicating market access on the greenhouse gas emissions of imported steel and aluminum. Another is the agreements we reached with the EU and the UK to resolve the longstanding aircraft disputes involving Boeing and Airbus, which allowed us to move past a perennial irritant and focus on shared interests, including financing on market terms and the challenges posed by non-market economies. We are building on this momentum to advance broader goals of fair competition through all available avenues, whether bilateral, regional, or multilateral discussions; existing trade agreements and frameworks; or new initiatives. Where the scope of the challenge requires new tools, we will pursue them as well.

1.6. A vital element of our effort to build an inclusive trade policy agenda is understanding the effects of our policies on underrepresented and underserved workers and communities, and ensuring that they have a say in how our policies are designed going forward. A more inclusive framework will lead to more durable trade policy. Approaches to trade that rest on a narrow base of support are unsustainable, and could ultimately undermine U.S. leadership at a critical juncture. While our ambition is high, we are rising to the challenge.

1.7. Precisely because it is focused on workers as the engine of the global economy, the United States' trade policy will be a force for good – and will lead to a more durable, stable, and resilient trading system.

2 THE UNITED STATES ECONOMIC AND TRADE ENVIRONMENT

2.1 Introduction

2.1. The period under review, October 2018 to June 2022, was marked by the onset of the COVID-19 pandemic that was accompanied by historic drops in output in both the United States and the world. The U.S. recovery has been strong, outpacing many of our trading partners, due primarily to an early and rapid vaccine rollout as well as significant fiscal and monetary policy support. Inflation emerged as a challenge for the United States and nearly all our major trading partners as strong demand, skewed toward goods and away from services, interacted with supply chain issues.

2.2. The United States maintains one of the world's most open trade regimes, with the WTO reporting the U.S. simple average MFN tariff at 3.34% in 2021 on a bound basis and 2.34% in 2020 on a trade weighted average basis. On an applied basis (considering GSP and other tariff preferences, as well as increased duties from section 232 and section 301 actions), the U.S. trade-weighted average tariff was 3.0% in 2021. By comparison, simple average final bound tariffs in our top five trading partners (EU, Canada, Mexico, China, and Japan) ranged from 4.6% to 36.5%, simple average applied tariffs ranged from 4.0% to 7.5%, and trade-weighted average tariffs ranged from 2.4% to 4.1%. In 2021, 66% of all U.S. imports (including under preference programs) entered the United States duty free. The United States also has among the lowest non-tariff barriers of any country in the world. U.S. service markets are open to foreign providers with limited exceptions, and U.S. regulatory processes are transparent, accessible, and open to public input.

2.3. The United States was the recipient of 17.6% of goods and services exports from the rest of the world (excluding intra-European Union (EU) exports) in 2020 (latest data available). The United States supplied 13.6% of goods and services imports to the rest of the world (excluding intra-EU imports). Trade (exports and imports of goods and services) made up between 24% and 28% of U.S. Gross Domestic Product (GDP) between 2018 and 2021.

2.2 Economic Growth

2.4. During the period under review, the U.S. economy had three distinct periods: continued expansion that started from June 2009 through February 2020 (a record 128 months, or more than 10 consecutive years of growth), a short but extreme recession brought upon by pandemic lockdowns and production shutdowns associated with the COVID-19 pandemic in March and April of 2020, and the current period of recovery that started after the recession's trough in April 2020. During the period under review, U.S. real GDP increased 2.9% (year/year) in 2018 and 2.3% in 2019. It declined 3.4% in the pandemic year of 2020 (down 5.1% at an annual rate in the first quarter and down a record 31.2% in the second quarter, before increasing by a record 33.8% in the third quarter and 4.5% in the fourth quarter). Real GDP increased 5.7% in 2021, surpassing the pre-recession (2019:Q4) real GDP level in the second quarter. For the first two quarters of 2022, real GDP declined at an annualized rate of 1.6 and 0.6%, respectively, reflecting a slower increase in inventories, a surge in goods imports, and declines in government spending at all levels. However, the outlook for full year 2022 remains positive despite headwinds such as the illegal Russian invasion of Ukraine, continued (though easing) supply chain disruptions due to COVID-19 lockdowns in Asia, and rising interest rates. According to the Office of Management and Budget, U.S. real GDP growth is forecasted to be 1.4%, 1.8%, and 2.0% for 2022, 2023, and 2024, respectively.

2.5. The strong economic recovery to date has been primarily driven by increases in consumption and investment. However, pandemic-induced changes in behavior led to relatively more demand for goods than services, both domestically produced and imported. The increase in domestic demand along with production disruptions reduced the available supply for exports, while increasing demand for imports, adversely affecting the overall U.S. trade balance. U.S. trade in services has taken longer to recover, and the pandemic has affected U.S. services exports to a greater extent than U.S. services imports.

2.3 Federal Budget Deficit

2.6. U.S. fiscal support measures (including additional spending and discretionary tax cuts), which ultimately exceeded 25% of U.S. GDP through the third quarter of 2021, were a key factor in the quick recovery of the U.S. economy that was faster than that of most of our trading partners.

U.S. federal government spending, which directly supported firms and workers as well as state and local governments, was substantially larger than comparable efforts in other major economies. The UK response was under 20% of GDP and average spending in the euro area was 12% of GDP.

2.7. The U.S. Federal budget deficit increased from USD 779 billion (3.8% of GDP) in fiscal year (FY) 2018 and USD 984 billion (4.7% of GDP) in FY2019 to USD 3.1 trillion (15.0% of GDP) in FY2020 before decreasing to USD 2.8 trillion (12.4% of GDP) in FY2021. For FY2022, the deficit is estimated to be USD 1.0 trillion (4.2% of GDP). Notably, the deficit will be more than USD 1.7 trillion lower than FY2021, making it the largest ever one-year decline in U.S. history to less than a third of the FY2020 deficit.

2.8. According to the U.S. Office of Management and Budget Mid-Session Review of the FY2023 Budget, the federal budget deficit is projected to be USD 1.3 trillion (4.9% of GDP) in FY2023 and then to stabilize in the 4.2-to-4.5% of GDP range during the final years of the Budget window (2028-32). The gross Federal debt-to-GDP ratio is projected at 125.4% in FY2022 before declining to 116.4% in FY2032.

2.4 Nominal Savings/Investment

2.9. U.S. gross savings as a percentage of gross national income fluctuated during the period under review. They were 19.2% (USD 4.03 trillion) in 2018, 19.1% (USD 4.16 trillion) in 2019, and then fell to 18.8% (USD 4.00 trillion) in 2020 before increasing to 19.5% (USD 4.63 trillion) in 2021. The personal saving rate was steady at 7.6% in both 2018 and 2019 (prior to the recession), peaked at 16.6% in 2020, declined to 12.3% in 2021 and was 5.6% in the first quarter of 2022. Overall, U.S. gross investment increased by USD 582 billion between 2018 and 2021 to USD 4.9 trillion.

2.5 Labor Markets

2.10. The onset of the pandemic in the United States resulted in a decline in U.S. employment of 1.5 million in March 2020 and 20.5 million in April 2020 (down 14.4% between February 2020 and April 2020). As of July 2022, U.S. employment was 32,000 higher than the pre-pandemic peak of February 2020. Private employment declined 21.0 million (16.2%) from February through April 2020, and as of July 2022, it was 629,000 higher than the pre-pandemic peak. Manufacturing employment payrolls declined by nearly 1.4 million (10.7%) between February and April 2020, but was 41,000 above the February 2020 level, as of July 2022. Employment in the service-providing sector (including government), accounting for 86% of total employment in July 2022, was 40,000 lower than the pre-pandemic peak of February 2020.

2.11. The unemployment rate also spiked in early 2020, from 3.5% in February 2020 to 14.7% in April 2020. It has systematically declined since then reaching 3.6% over the March to June 2022 period and 3.5% in July 2022. Prior to the recession, the unemployment rate averaged 3.9% in 2018 and 3.7% in 2019.

2.12. The labor force participation rate rose from calendar year averages of 62.9% in 2018 to 63.1% in 2019, but declined to averages of 61.8% in 2020 and 61.7% in 2021. Though an improvement from the April 2020 low of 60.2%, as of July 2022, it was 62.1%, 1.3 percentage point below the February 2020 level.

2.13. Despite the pandemic, labor compensation has been increasing. Nominal average hourly earnings for all private sector workers rose every year during the period under review, and as of July 2022 were 18.2% higher than in September 2018 (the month prior to the start of the period under review). After accounting for inflation, average hourly earnings were up only 0.5% through July 2022. (Real earnings in April 2020 were 9% higher than the level in December 2017; they have declined 7.2% between April 2020 and July 2022.) Real median household income in the United States was USD 67,521 in 2020 (latest available data), down 2.9% from 2019 (a record USD 69,560), but up 3.7% from 2018 (USD 65,127).

2.6 Productivity

2.14. Labor productivity growth, as measured by output per hour worked, ranged from 1.5% to 2.4% annually between 2018 and 2021. Labor productivity declined by 7.4% in the first quarter of

2022, at an annual rate, the sharpest decline in 75 years and then contracted again by 4.6% in the second quarter of 2022. It is now up 4.9% since the fourth quarter of 2017, an annualized pace of 1.14%. Labor productivity is estimated to grow at an average 1.8% annual rate, above the 1.4% average annual rate during the preceding business cycle but below the average 2% annual rate over the 66 years through 2019.

2.7 Exports, Imports, and the Trade Balance

2.15. U.S. exports and imports were both strongly affected by the COVID-19 pandemic, significantly declining in 2020 before recovering in 2021. Nominal U.S. exports of goods and services (on a balance of payments basis) were relatively steady at USD 2.5 trillion in both 2018 and 2019, before plummeting 15% to USD 2.2 trillion in 2020 due to the pandemic. They increased 18% to a record USD 2.56 trillion in 2021, and are up 20% so far in 2022 (year-to-date through June, as compared to the same period in 2021). Nominal U.S. imports of goods and services were also relatively steady at USD 3.1 trillion in 2018 and 2019, before declining 9% in 2020. They increased 21% in 2021 to a record USD 3.4 trillion (up 9.0% over their pre-pandemic peak in 2018). Imports are up 23%, thus far in 2022 (year-to-date through June, as compared to the same period in 2021).

2.16. The COVID-19 pandemic affected services exports and imports significantly more than goods exports and imports, largely due to disruptions in travel and transport as people stayed at home. U.S. services exports and imports declined by 18.5% and 21.4%, respectively, in 2020, while goods exports and imports declined by 13.5% and 6.6%, respectively. Although goods exports and imports have surpassed their pre-pandemic peaks by 5.0% and 11.6% between 2018 and 2021, services exports and imports in 2021 were still 10.8% and 7.3% below their respective pre-pandemic peaks set in 2019. On a monthly basis, however, U.S. services imports exceeded their pre-pandemic high in October 2021, while U.S. services exports surpassed their pre-pandemic high in April 2022. Nonetheless, U.S. travel services exports, the category most affected by the pandemic remained 22% below its pre-pandemic peak as of June 2022

2.17. In part due to the speed of the U.S. recovery relative to the rest of the world and amidst strong U.S. domestic demand, the U.S. trade deficit has widened. Goods imports have been particularly strong, as working and staying at home led to a surge in demand for things like computer equipment, games, and cooking supplies. Although exports have hit record nominal highs, they increased at a slower pace than imports because many of the economies of countries that buy U.S. goods have not recovered as fast. At the same time, new waves of COVID-19 infections depressed international travel and weighed on the recovery of some services that are important for U.S. exports such as tourism.

2.18. During the period of review, the U.S. goods and services trade deficit with the world, decreased slightly from USD 579 billion in 2018 (2.8% of GDP) to USD 560 billion in 2019 (2.6% of GDP), before increasing in 2020 to USD 654 billion (3.1% of GDP) and 2021 to a record level of USD 845 billion (3.7% of GDP). Through May 2022, the goods and services trade deficit was 33% larger than the same period in 2021.

2.19. Though trade in goods broadly recovered in 2021, supply bottlenecks slowed the recovery of both imports and exports of such products as automotive and capital goods that are at the heart of global value chains that were disrupted by pandemic-related challenges. Meanwhile, waves of COVID-19 infections weighed down the recovery of cross-border trade in services. Although trade in services that are less reliant on personal contact followed a recovery pattern similar to goods, others, particularly travel and transportation services, continue to be impaired by the persistence of the virus. The sharp contraction of trade in travel services was a notable drag on the U.S. trade balance in 2021. Exports of these services in the form of foreign tourists, students, and business travelers are typically a significant contributor to the surplus in the U.S. trade balance in services.

2.20. It is important to note that inflation has also played a role in these trade figures, as rising costs have contributed to larger nominal trade values. Into 2022, consumption patterns have shifted back toward services from goods as consumers begin to return to purchases in areas including leisure and dining, but the share of consumer expenditure on goods remains elevated relative to the pre-pandemic period.

2.8 Challenges to the U.S. and Global Economy

2.21. Inflation remains a global challenge. Many factors contributed to higher prices, including a slow recovery in global energy production, supply-chain disruptions and related shortages of specific inputs, persistently strong demand for durable goods, rising food costs in part due to supply chain issues, brisk growth in house prices, and increased demand for services (such as travel, leisure, and hospitality) as the economy reopened.

2.22. The Russian Federation's unprovoked and unjustifiable war with Ukraine has further challenged the global outlook. It has exacerbated supply disruptions, driven up energy costs and increased food insecurity. The IMF projects global growth to slow from an estimated 6.1% in 2021 to 3.2% in 2022 and 2.9% in 2023, which is 1.2 and 0.9 percentage points lower for 2022 and 2023 than the IMF's projections in January 2022.

2.23. Global current account imbalances have also widened due to the trade distortions associated with the pandemic. In general, and especially at a time of recovering global growth, adjustments to reduce excessive imbalances should occur thorough a symmetric rebalancing process that sustains global growth momentum rather than through asymmetric compression of demand in deficit economies – the channel which too often has dominated in the past.

3 ADVANCING A WORKER-CENTERED TRADE POLICY

3.1 Standing up for Worker Rights

3.1. Labor issues have been an important part of U.S. trade policy throughout the reporting period. In 2021, the United States made it a priority to bring labor issues and topics important to working people to the forefront of trade policy. USTR engaged with governments around the world to recalibrate trade policy to ensure that real people can realize the benefits of international trade. In addition, the United States increased stakeholder consultations to ensure workers' voices are heard and considered throughout the policy-making process. Under this new policy approach, the United States promoted respect for labor rights as part of engagement with trade partners in 2021 through the formal mechanisms of trade agreements and trade preference programs, as well as through country-specific initiatives, capacity building, and technical assistance.

3.2. One of the United States' top priorities is effective implementation and enforcement of existing trade commitments, including the United States–Mexico–Canada Agreement (USMCA). The United States reported on the USMCA negotiations in our 2018 report. The Agreement, which entered into force in July 2020, includes the strongest labor provisions in any trade agreement, as well as a ground-breaking labor enforcement tool, the rapid response labor mechanism (RRM). The RRM allows the United States to quickly take action and target specific facilities in Mexico where workers are being denied their rights to freedom of association and collective bargaining. The United States has triggered the mechanism five times and has secured concrete wins for workers. For more information on how the United States is promoting compliance with the labor commitments included in our trade instruments, see 5.2 Trade Enforcement Activities. For more information on the USMCA, see section 5.4.9 United States-Mexico-Canada Agreement.

3.3. In addition, the United States has promoted the creation of innovative trade tools to address topics important to working people. We are prioritizing labor issues in the United States-European Union Trade and Technology Council (TTC), in the Indo-Pacific Economic Framework (IPEF), in the United States – United Kingdom Dialogues on the Future of Atlantic Trade, the U.S.-Taiwan Initiative on 21st Century Trade, and in the United States-Kenya Strategic Trade and Investment Partnership.

3.4. The United States has elevated the problem of forced labor in supply chains with our trading partners. On 25 January 2022, the United States announced that it will develop its first-ever focused trade strategy to combat forced labor. It will include a thorough interagency review of USTR's existing trade policies and tools to combat forced labor, to determine areas that may need strengthening, and to identify gaps that need to be filled. For more information on USTR's work to combat forced labor, see section 5.3.3 Addressing Forced Labor.

3.5. The United States is also bringing its worker-centered trade policy and commitment to fair competition to multilateral and bilateral engagements. In 2021, the United States chaired the trade session on "Making Trade Work for All" at the 60th Organization for Economic Cooperation and Development (OECD) Ministerial Council Meeting, focusing the discussion on labor issues. The United States is calling upon other regional and multilateral organizations, such as Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), and the WTO and its Members to consider how to more effectively respond to the needs of workers. The United States has and will continue to press WTO members to address the use of forced labor on fishing vessels.

3.2 Accelerating Decarbonization and Promoting Sustainable Environmental Practices

3.6. Combating the climate crisis and promoting sustainable environmental practices are top priorities for the United States. In this regard, the United States considers trade an indispensable tool in addressing the climate crisis.

3.7. The traditional approach to climate and environmental issues within trade has primarily focused on advancing levels of environmental protection for our trading partners. The United States will continue this work to strengthen and expand those commitments, but we also recognize that this singular approach will not fully achieve our climate goals. To this end, the United States is pursuing a new generation of trade policies that will more affirmatively promote the decarbonization necessary to limit global temperature increase to 1.5 degrees Celsius.

3.8. Launched during the U.S.-EU Summit in June 2021 to deepen transatlantic trade and economic relations, the Trade and Technology Council (TTC) held its inaugural meeting in September 2021. During this meeting, the co-chairs reaffirmed the TTC's commitment to grow the transatlantic trade and investment relationship, fight the climate crisis, and protect the environment. Under the U.S.-EU TTC Climate and Clean Tech and Global Trade Challenges working groups, the United States will work with the EU to collaboratively advance trans-Atlantic priorities to address climate and environmental issues.

3.9. In October 2021, the United States and the EU further announced their commitment to negotiate the world's first emissions-based sectoral arrangement on steel and aluminum trade. Together, the United States and EU are working to address the carbon intensity of steel and aluminum traded into their market, as well as countries that adopt non-market practices that contribute to worldwide over-supply. The arrangement will drive investment in green steel and aluminum production in the United States, Europe, and around the world, reducing emissions in two of the most carbon-intensive industrial sectors.

3.10. The agreement is proof that trade policy is an important part of our climate agenda, and that effective climate action can—and must—support good-paying, quality jobs. It is also a first in the fight against climate change: never before have two global partners aligned their trade policies to confront the joint threats of climate change and global market distortions, ensuring that trade works to solve the challenges of the 21st century.

3.11. The United States continues to encourage like-minded trading partners to work with us to address the emissions intensity of steel and aluminum production and non-market excess capacity in the steel and aluminum sectors. For example, through regional engagements, the United States plans to pursue opportunities to maintain and improve environmental protection of our trading partners and increase climate ambition, including decarbonization of our respective economies. We will seek to enable and mobilize the technologies, public and private investment, and technical resources needed to scale up clean energy infrastructure and facilitate trade in climate-friendly goods, services, and technologies, while generating high-quality jobs that power economic growth and advance our Paris Agreement commitments.

3.12. In addition, in June 2022, the United States joined other WTO Members to reach agreement on the first multilateral trade agreement with environment at its core – the WTO Agreement on Fisheries Subsidies. The Agreement prohibits subsidies to those engaged in illegal, unreported, and unregulated (IUU) fishing or fishing related activities in support of IUU fishing, subsidies for fishing on overfished stocks, and subsidies for fishing on the unregulated high seas. It also includes enhanced transparency provisions, which will provide important additional information regarding Members' fisheries and subsidies programs. Negotiations will continue in order to reach agreement on additional disciplines on subsidies that contribute to overfishing and overcapacity. The United States is committed to working with all WTO members to ensure this agreement promptly enters into force, and to further enhance the disciplines, to improve the sustainability of our fisheries resources and the lives of fishers.

3.13. The United States also seeks to protect our oceans and marine resources, and those whose livelihoods depend on them, from the harm caused by plastic pollution. In 2022, the United States supported the launch of multilateral negotiations on an international agreement on plastic pollution. The United States recognizes the key role that trade plays as both a contributor to the problem of plastic pollution in the environment, including the marine environment, and its potential to serve as an important part of the solution.

3.14. Finally, the United States will continue to support and promote more circular and resource-efficient approaches in other international fora, including the WTO's Committee on Trade and Environment and the Trade and Environmental Sustainability Structured Discussions, and at the OECD. In the APEC forum, we are leading a Recyclable Materials Policy Program under the Committee on Trade and Investment. We will continue to support and expand this work, to help develop the capacity of APEC economies to identify and frame domestic policies that promote solid waste management and recycling infrastructure.

3.3 Supporting U.S. Agriculture

3.15. U.S. farmers, ranchers, food manufacturers, and fishers compete in global markets, and expanded market access raises incomes, expands employment, and enables farms, ranches, manufacturing plants, and fishing operations to thrive. The United States is committed to standing up for American farmers, ranchers, food manufacturers, and fishers by pursuing trade policies that are inclusive and work for all producers, and, by enforcing global agricultural trade rules.

3.16. For example, in May 2021, the United States requested and established the first dispute settlement panel under the USMCA to review whether Canada violated its dairy commitments under the USMCA. Specifically, we challenged Canada's dairy TRQ allocation measures that undermine the value of the TRQs by setting aside and reserving access to in-quota quantities exclusively for Canadian processors, thereby undermining the ability of American dairy exporters to sell a wide range of products to Canadian consumers. In December 2021, the United States prevailed in this proceeding, with the panel agreeing that Canada had breached its USMCA commitments. This demonstrates the United States' commitment to ensuring that our trade agreements benefit American workers, including farmers, and it will ensure that the U.S. dairy industry receives the full benefits of the USMCA to market and sell U.S. products to Canadian consumers.

3.17. On 16 May 2022, Canada published policy changes to implement the panel's finding. The United States rejected these changes as a basis to resolve the dispute because Canada remains out of compliance with its USMCA obligations. USTR initiated a second USMCA dispute on Canada's allocation measures on 25 May.

3.18. The United States will continue using our enforcement tools to ensure that our trading partners deliver on their commitments and that U.S. agricultural producers receive the benefits negotiated in existing FTAs. The United States supports U.S. farmers by insisting that trading partners implement fair and science-based policies for U.S. agriculture products, including those grown and developed through innovative technologies, in order to ensure that U.S. farmers can continue supplying safe, nutritious and cost-competitive food and agricultural products around the world.

3.4 Bolstering Supply Chain Resiliency

3.19. The COVID-19 pandemic and the Russian Federation's further invasion of Ukraine have created significant disruptions to global supply chains and trade. These stresses put a spotlight on pre-existing vulnerabilities in many supply chains, including in the United States, and the disruptions have led to higher costs for manufacturers, farmers, businesses, and families. The United States is focused on addressing these bottlenecks, securing our critical supply chains, lowering prices, and revitalizing American manufacturing.

3.20. President Biden signed Executive Order 14017, "Securing America's Supply Chains", in February 2021, directing a whole-of-government approach to assess vulnerabilities in, and strengthen the resilience of, critical U.S. supply chains. Pursuant to the Executive Order, the United States conducted a 100-day review for four priority product areas: semiconductors, large capacity batteries, critical minerals and materials, and pharmaceuticals and active pharmaceutical ingredients.

3.21. Further, in February 2022, the United States released the results of year-long reviews of six industrial base supply chains: defense, transportation, energy, information and communications technology, public health, and agriculture and food. As part of these reviews, agencies looked at new policies and investments across a number of sectors to address the supply chain vulnerabilities that come from geographically concentrated sourcing and to spur the transition to a low carbon economy.

3.22. As part of the recommendations that emerged from the 100-day reports, prepared pursuant to Executive Order 14017 the United States established an interagency Supply Chain Trade Task Force (Task Force) led by USTR. Through this Task Force, USTR brings together a broad range of U.S. government agencies to identify unfair foreign trade practices that have eroded U.S. critical supply chains, as well as opportunities to use U.S. trade agreements and trade tools to strengthen the collective supply chain resilience of the United States and our trading partners.

3.23. The United States is engaging bilaterally and multilaterally with its trading partners and stakeholders to, *inter alia*, identify supply chain bottlenecks and chokepoints; ensure supply chains embody strong environmental and labor standards; and facilitate trade in the context of supply chain shocks.

3.5 Combatting the COVID-19 Pandemic

3.24. Consistent with our trade policy agenda that recognizes that people are the core of our economy, USTR is working closely with a number of agencies to ensure that trade rules support, and do not impede, the global response to the COVID-19 pandemic. The Biden Administration is taking a whole-of-government approach to address the pandemic, at home and abroad. These efforts include COVID-19 vaccine donations through COVAX and other fora, investment in vaccine production and delivery infrastructure in underserved regions, and working with trading partners to facilitate the flow of goods. USTR also recognizes the critical role of digital trade and digitally supported services in meeting the challenges of the pandemic and supporting economic resilience, and will continue to work to ensure that these flows are not obstructed.

3.25. The pandemic has placed tremendous strain on peoples' health and livelihoods around the world. During the WTO's 12th Ministerial Conference in June 2022, Members agreed to a Ministerial Declaration on the WTO Response to the COVID-19 Pandemic and Preparedness for Future Pandemics. The Declaration positions Members to undertake relevant and meaningful work in WTO bodies to build resilience through the sharing of information and experiences and the analysis of lessons learned from COVID-19 responses. The Declaration reflects core values of the United States' approach to international trade and the multilateral framework: transparency, cooperation, and respect for a rules-based system.

3.26. WTO Members also agreed at the 12th Ministerial Conference on a Ministerial Decision on the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that provides accommodations to the intellectual property rules for COVID-19 vaccines that can facilitate a global health recovery. For over a year, the United States, as part of its comprehensive effort to end the pandemic, worked constructively with other Members to facilitate discussions and bridge differences that led to an outcome on intellectual property that achieved consensus across the 164 Members of the WTO.

3.27. It is important that our work on trade and health does not end at the 12th Ministerial Conference. This pandemic will not be the last public health crisis we encounter. The United States will continue to work with other WTO Members to strengthen the resolve of the international community to protect people and maintain the free flow of goods and services.

4 OPENNESS AND ACCOUNTABILITY: BUILDING SUPPORT FOR TRADE

4.1 Promoting Equitable, Inclusive, and Durable Trade Policy

4.1. In coordination with other economic policies, trade policy can have positive and equitable impact on marginalized, underserved, and disadvantaged communities, including and especially workers in the United States and abroad, grow the middle class, redress inequality, and level the playing field by promoting fair competition. The United States recognizes that an intersectional, interconnected framework in trade and investment policy advances the United States' economic competitiveness and resiliency while expanding the benefits of trade. Thus, equity is critical when designing inclusive and durable trade policy. Consistent with USTR's Fiscal Year 2022-2026 Strategic Plan, whole-of-government Presidential policy directives, and the United States' National Strategy on Gender Equity and Equality, advancing racial and gender equity is mainstreamed in U.S. trade policy.

4.2. Accurate and accessible disaggregated economic data to assess the impact of trade on different types of U.S. workers is critical to informing trade policy actions. USTR requested that the U.S. International Trade Commission (USITC) conduct an independent investigation of the potential distributional effects of goods and services trade and trade policy on U.S. workers, by level of skill, wage and salary level, gender, race/ethnicity, and age, especially the effects on underrepresented and underserved communities. This investigation will explore gaps in existing data and economic literature, and propose follow-up analyses that could be done with restricted data (i.e. data that is not publicly available or otherwise available to relevant USG analysts). USTR will make the investigation report publicly available. The United States will take into account the potential distributional effects of trade and trade policy, including goods and services imports and exports, on U.S. workers in all future trade initiatives.

4.2 Engagement and Consultation with Partners and Stakeholders

4.3. Close collaboration between the U.S. Executive and Legislative branches of government is critical to developing successful U.S. trade policy. USTR welcomes and seeks guidance and feedback from Members of Congress to share their views and constituents' priorities regarding trade policy. USTR regularly briefs Congress on initiatives. For example, in 2022, USTR has briefed Congress extensively on initiatives including: responses to the COVID-19 pandemic, the Indo-Pacific Economic Framework for Prosperity (IPEF), the U.S-Taiwan Initiative on 21st Century Trade, the United States-Kenya Strategic Trade and Investment Partnership, the WTO's MC12, the U.S./UK Dialogue on the Future of Atlantic Trade, and the United States-Mexico-Canada Agreement (USMCA) enforcement actions on dairy and labor rights.

4.4. The United States understands that in order to ensure durable robust outcomes, USTR must proactively seek input from stakeholders, including those from underserved, underrepresented, and marginalized communities, to ensure that their concerns are considered in designing trade policy. USTR officials meet virtually and travel extensively across the country to listen, learn, and build trusted relationships and lines of communication with Members of Congress and their constituents, Tribal Nations, State and local elected officials, labor and civil society leaders, academia, communities, and entrepreneurs to inform the development of inclusive policy that delivers equitable results.

4.3 Policy Coordination

4.5. USTR has primary responsibility, with the advice of the interagency trade policy organization, for developing and coordinating the implementation of U.S. trade policy, including on commodity matters, and, to the extent they are related to trade, direct investment matters. Under the Trade Expansion Act of 1962, the U.S. Congress established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of tiers of committees that constitute the principal mechanism for developing and coordinating U.S. Government positions on international trade and trade-related investment issues.

4.6. USTR chairs and administers both the Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC). The TPRG's membership is at the Deputy/Under Secretary level. The TPSC's membership is at the senior civil servant level. The 21 voting member agencies of the TPRG and

TPSC are: USTR, the U.S. Departments of Commerce, Agriculture, State, Treasury, Labor, Justice, Defense, Interior, Transportation, Energy, Health and Human Services, and Homeland Security; the Environmental Protection Agency; the Office of Management and Budget; the Council of Economic Advisers; the Council on Environmental Quality; the U.S. Agency for International Development; the Small Business Administration; the National Economic Council, and the National Security Council. The U.S. International Trade Commission is a non-voting member of the TPSC and an observer at TPRG meetings. USTR may invite representatives of other agencies to attend meetings depending on the specific issues discussed.

4.7. Supporting the TPSC are subcommittees responsible for specialized issues. Through the interagency process, USTR requests input and analysis from the subject matter experts of the appropriate TPSC subcommittee or task force. The conclusions and recommendations of the subcommittee or task force are presented to the TPSC and serve as the basis for reaching interagency consensus. In cases where the TPSC does not reach agreement on a topic, or if the issue under consideration involves particularly significant policy questions, the issue may be referred to the TPRG or to Cabinet Principals.

4.4 Public Input and Transparency

4.8. The United States has broadened opportunities for public input and worked to ensure the transparency of trade policy through various initiatives. This is accomplished in part via USTR's interactive website; online postings of *Federal Register* notices soliciting public comment and input and publicizing public hearings held by the TPSC; opportunities for public comment and interaction with negotiators during trade negotiations; agency outreach to and engagement of all stakeholder sectors including State and local governments, labor unions, business and trade associations, small and medium-sized businesses, agriculture groups, environmental organizations, industry groups, consumer advocacy groups, non-governmental organizations, academia, think tanks, and the public generally; regular data updates to help the public understand and evaluate the role of trade; and participation in discussions of trade policy at major domestic trade events and academic conferences.

4.9. For example, in 2021 and 2022, the TPSC held public hearings or fostered public participation by inviting written submissions and responses to questions from the TPSC on a range of topics, including: the Special 301 Review (January to March 2021); the WTO Dispute Settlement Proceeding Regarding United States–Origin Marking Requirement (Hong Kong, China) (March to April 2021); Proposed Actions on Digital Services Taxes (June 2021); the annual African Growth and Opportunity Act country eligibility review (May to June 2021); the USTR report to Congress regarding the operation of the Caribbean Basin Initiative (July to August 2021); Certain Products Exclusions Related to COVID-19: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation (August to December 2021); the 2021 Review of Notorious Markets for Counterfeiting and Piracy (August to October 2021); the National Trade Estimate Report on Foreign Trade Barriers (September and October 2021); China's Compliance with its WTO Commitments (September and October 2021); the Russian Federation's Implementation of its WTO Commitments (September and October 2021); the Extension Review of the Safeguard Action on Imports of Certain Crystalline Silicon Photovoltaic Cells (September to December 2021); the Fair and Resilient Trade Pillar of an Indo-Pacific Economic Framework (March and April 2022); and the U.S.–Taiwan Initiative on 21st-Century Trade (June and July 2022).

4.5 The Trade Advisory Committee System

4.10. The trade advisory committee system, established by the U.S. Congress by statute in 1974, was created to ensure that U.S. trade policy and trade negotiating objectives adequately reflect U.S. public and private sector interests. Substantially broadened and reformed over the subsequent four decades, the system remains a central means of ensuring that USTR's senior officers and line negotiators receive ideas, input, and critiques from a wide range of public interests. The system now consists of 26 advisory committees, with a total membership of up to approximately 700 advisors. Advisory committee members represent the full span of interests, including manufacturing; agriculture; digital trade; intellectual property; services; small businesses; labor; environment, consumer and public health organizations; and State and local governments. USTR manages the advisory committee system in collaboration with the U.S. Departments of Agriculture, Commerce, and Labor. The advisory committee system is organized into three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); five policy advisory committees, dealing with environment, labor, agriculture, Africa, and State and local governments; and 20 technical advisory committees in the areas of industry and agriculture.

4.5.1 Tier I: President's Advisory Committee on Trade Policy and Negotiations

4.11. As the highest-level committee in the system, the President's ACTPN examines U.S. trade policy and agreements from the broad context of the overall national interest. The ACTPN consists of no more than 45 members, who are broadly representative of the key economic sectors of the economy affected by trade, including non-federal government, labor, industry, agriculture, small business, service industries, retailers, and consumer interests. The President appoints ACTPN members to four-year terms not to exceed the duration of the charter. A list of all the ACTPN members and the diverse interests they represent is available on the USTR website at: https://ustr.gov/about-us/advisory-committees/advisory-committee-trade-policy-and-negotiations-actpn.

4.5.2 Tier II: Policy Advisory Committees

4.12. Members of the five policy advisory committees are appointed by USTR or in conjunction with other Cabinet officers. USTR manages the Agricultural Policy Advisory Committee jointly with the U.S. Department of Agriculture and the Labor Advisory Committee for Trade Negotiations and Trade Policy jointly with the U.S. Department of Labor. The Intergovernmental Policy Advisory Committee on Trade, the Trade and Environment Policy Advisory Committee (TEPAC), and the Trade Advisory Committee on Africa are appointed and managed solely by USTR. Each committee provides advice based on the perspective of its specific area, and their members are chosen to represent the diversity of interests in each area.

4.13. Beginning with the October 2021 TEPAC *Federal Register* nomination notice, USTR is exploring how the re-chartering of USTR-managed advisory committees can further the objectives of Executive Order (EO) 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government,* and EO 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*.

4.14. A list of all the members of the policy advisory committees and the diverse interests they represent is available on the USTR website at: https://ustr.gov/about-us/advisory-committees/advisory-committee-trade-policy-and-negotiations-actpn.

4.5.3 Tier III: Technical and Sectoral Committees

4.15. The 20 technical and sectoral advisory committees are organized into two areas: agriculture and industry. Representatives are appointed jointly by the U.S. Trade Representative and the U.S. Secretaries of Agriculture or Commerce, respectively. Each sectoral or technical committee represents a specific sector, commodity group, or functional area and provides specific technical advice concerning the effect that trade policy decisions may have on its sector or issue.

4.16. A list of all members of the agriculture committees and the diverse interests they represent is available on the U.S. Department of Agriculture website at: https://www.fas.usda.gov/topics/trade-advisory-committees. A list of all members of the industry committees and the diverse interests they represent is available on the U.S. Department of Commerce website at: https://www.trade.gov/industry-trade-advisory-center.

4.6 State and Local Government Relations

4.17. USTR maintains consultative procedures between Federal trade officials and State and local governments. USTR informs each State on an ongoing basis of trade-related matters that directly relate to, or that may have a direct effect on, it. U.S. territories may also participate in this process. USTR also serves as a liaison point in the Executive Branch for State and local government 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, detailed below.

4.6.1 State Single Point of Contact System and IGPAC

4.18. For day-to-day communications, USTR operates a State Single Point of Contact (SPOC) system. Under the SPOC system, each State Governor's office designates a single contact point to disseminate information received from USTR to relevant State and local offices. Through the SPOC system, State governments are promptly informed of U.S. Executive Branch trade initiatives so that they can provide companies and workers with information that will allow them to take full advantage of increased foreign market access and reduced trade barriers. In turn, the SPOC system assists in relaying specific information and advice from the states to USTR on trade-related matters, thereby enabling USTR to consult with states and localities directly on trade matters that may affect them.

4.19. USTR also works closely with the Intergovernmental Policy Advisory Committee on Trade (IGPAC) made up of various State and local officials. The IGPAC makes recommendations to USTR and the Executive Branch generally on trade policy matters from the perspective of State and local governments. IGPAC members are also invited to participate in periodic teleconference briefings, similar to teleconference calls held for SPOC and chairs of the advisory committees.

4.6.2 Meetings of State and Local Associations and Local Chambers of Commerce

4.20. USTR officials participate frequently in meetings of State and local government associations and local chambers of commerce to apprise them of relevant trade policy issues and solicit their views. USTR senior officials have met with the National Governors' Association and other State and local commissions and organizations.

4.6.3 Consultations Regarding Specific Trade Issues

4.21. USTR consults with particular states and localities on issues arising under the WTO and other U.S. trade agreements and frequently responds to requests for information from State and local governments.

5 TRADE POLICY DEVELOPMENTS SINCE 2018

5.1 WTO Agreements and Initiatives

5.1. The United States is committed to the WTO and believes we must work within the WTO to encourage a race to the top and confront global challenges as they arise. There is a strong precedent for this approach: the Marrakesh Declaration and Agreement, on which the WTO is founded, begins with the recognition that the purpose of trade should be to raise living standards and ensure full employment, bearing in mind the objective of sustainable development, and the need to protect and preserve the environment.

5.2. Unfortunately, the WTO has fallen short with respect to these ambitions, and its relevance and credibility have accordingly come under fire. In recent years, the WTO's inadequacy in responding to the needs of everyday people and the inability of current rules to effectively constrain unfair trade and economic practices have only become clearer. At MC12, Members demonstrated that the organization can remain relevant in today's international trading system by agreeing to a package of outcomes, including the first multilateral agreement produced by the WTO in nearly a decade. While these achievements are welcome, there is still much work to be done.

5.3. That is why the United States supports a WTO reform agenda that reflects the priorities of a worker-centered approach – one that protects our planet, supports improved labor conditions and living standards, and contributes to shared prosperity. This reform agenda includes restoring efficacy to the negotiating arm and promoting transparency; improving compliance with and enforcement of Members' WTO commitments; and equipping the organization to effectively address the unfair practices of non-market economies––such as economic coercion––and global market distortions.

5.4. Another aspect of reform is to the WTO's dispute settlement function. For many years, WTO dispute settlement has not met the needs of WTO Members, including the United States, for example, due to its complexity, delays, lack of transparency, and interpretive overreach. Many Members share U.S. concerns with the functioning of the system and its negative impact on the WTO's negotiating and monitoring functions. This fact underscores the importance of understanding better the interests of all Members in dispute settlement. The United States supports a reform discussion that aims to ensure that WTO dispute settlement reflects the real interests of Members. The United States has been, and will continue to be, engaging with Members with an aim to achieving durable, lasting reform.

5.5. These reform conversations will take time. The United States recognizes the importance of holding open and inclusive reform conversations that promote equity and fairness among all WTO Members. Meanwhile, the United States will continue to work constructively with other Members to deliver results on achievable outcomes at the WTO.

5.2 Trade Enforcement Activities

5.6. Trade enforcement encompasses a broad range of activities, including monitoring of trade agreements, direct engagement with trading partners, use of domestic trade laws, and engagement in multilateral fora such as the WTO. USTR coordinates the U.S. Government's trade enforcement activities. Ensuring full implementation of U.S. trade agreements is one of the strategic priorities of the United States.

5.7. The United States has been actively engaged in numerous WTO dispute settlement actions, including important offensive actions related to agricultural market access in China, India, and Indonesia, China's excessive agricultural domestic support, and Indian prohibited export subsidies. The United States has also initiated actions relating to additional duties imposed by certain Members related to the administration's actions under section 232 of the Trade Expansion Act of 1962 to address the threat to national security presented by imports of steel and aluminum, as well as participating in related defensive actions brought by certain Members.

5.8. Where appropriate, the United States applies the full range of its trade laws, including section 301 of the Trade Act of 1974 (Trade Act), as amended. Section 301 of the Trade Act is designed to facilitate USTR's examining and addressing foreign unfair practices affecting U.S. commerce. For example, on 2 October 2020, USTR initiated an investigation regarding whether Viet Nam's acts, policies and practices related to the import and use of illegally harvested or traded timber are actionable under section 301. USTR held a public hearing on 28 December 2020, and two rounds of public written comments. On 1 October 2021, the United States and Viet Nam signed an agreement that addresses U.S. concerns in the investigation. USTR will monitor Viet Nam's implementation of the Agreement. On 2 October 2020, USTR also initiated an investigation regarding whether Viet Nam's acts, policies and practices related to the valuation of its currency are actionable under section 301. USTR held a public hearing on 29 December 2020 and solicited two rounds of public written comments. On 15 January 2021, the U.S. Trade Representative determined that Viet Nam's acts, policies, and practices related to currency valuation, including excessive foreign exchange market interventions and other related actions, taken in their totality, are unreasonable and burden or restrict U.S. commerce, and thus actionable under section 301. On 23 July 2021, based on an agreement reached between the Department of the Treasury (Treasury) and the State Bank of Viet Nam regarding Viet Nam's currency practices, USTR determined that no action under section 301 was warranted at that time because Viet Nam's agreement with Treasury provided a satisfactory resolution of the matter subject of the investigation. USTR, in coordination with Treasury, is monitoring Viet Nam's implementation of its commitments under the agreement and associated measures.

5.9. USTR is committed to holding foreign countries accountable and exposing the laws, practices, and other measures that fail to provide adequate and effective intellectual property (IP) protection and enforcement for U.S. inventors, creators, brands, manufacturers, and service providers. The identification of IP-related market access barriers and steps necessary to address those barriers are a critical component of the administration's aggressive efforts to defend Americans from harmful IP-related trade barriers.

5.10. One of our top priorities is effective implementation and enforcement of the United States–Mexico–Canada Agreement (USMCA). The Agreement includes the strongest labor provisions in any trade agreement ever, as well as a ground-breaking enforcement tool, the Rapid Response Labor Mechanism (RRM). The RRM allows the United States to quickly take action and target specific facilities in Mexico where workers are being denied their rights to freedom of association and collective bargaining. For more information on the USMCA, see section 5.4.9.

5.11. The United States successfully used the mechanism to secure concrete wins for workers in three different instances and has two actions pending. The United States self-initiated the first-ever request for review under the RRM in May 2021, concerning a General Motors facility in Silao, Mexico. On 3 February 2022, workers at the plant overwhelmingly voted in favor of a new union to represent their interests and to negotiate a new collective bargaining agreement with the company, and in May 2022 the workers approved the new collective bargaining agreement. This outcome shows that new tools can help us work with allies and trading partners––such as Mexico––to reverse the race to the bottom.

5.12. The United States also requested a review under the RRM in June 2021, pursuant to a petition filed by the AFL-CIO, Service Employees International Union (SEIU), Public Citizen, and SNITIS (a Mexican union) alleging a denial of workers' rights at a Tridonex automotive parts facility in Matamoros, Mexico. In this instance, USTR negotiated an extensive set of commitments with Tridonex, including severance and backpay for a large number of former Tridonex workers, as well as a commitment that the company will remain neutral in future union representation elections.

5.13. The United States again requested review under the RRM on 18 May 2022, regarding the Panasonic Automotive Systems de Mexico facility in Reynosa, Tamaulipas. On 14 July 2022, USTR announced that the matter had been successfully resolved. Actions taken by the facility to resolve the matter included: renouncing a collective bargaining agreement (CBA) signed with a union that lacked lawful bargaining authority; reimbursing workers for dues withheld for that union; remaining neutral in a representational vote that resulted in a landslide victory for an independent union; negotiating a new CBA with that independent union; and offering reinstatement and backpay to 26 workers who were allegedly terminated for participating in union activity.

5.14. On 6 June 2022, the United States requested review regarding the Teksid Hierro de México facility in Frontera, Coahuila. Mexico accepted the request for review. On 16 August 2022, USTR announced the matter had been successfully resolved. Actions taken to date by the facility to resolve the matter included: providing the independent union with access to the facility and designated office space within the company for the purpose of carrying out worker representation; payment of union dues withheld from workers and owed to the independent union; reinstating and offering back pay to 36 workers, as well as offering compensation to an additional worker, each of whom was allegedly terminated for participating in a protest against the company, and issuing a statement of their neutrality in union affairs and recognizing the valid CBA. The Government of Mexico committed to continuing to monitor the situation at the facility.

5.15. On 21 July 2022, the United States requested review under the RRM in response to a petition that alleged a denial of workers' rights at Manufacturas VU, an automotive components facility in Piedras Negras, Coahuila. Mexico agreed to review the situation and has until 4 September 2022, to complete their review.

5.16. Finally, the United States commits significant resources to identify and confront unjustified non-tariff barriers including disciplines on rules of origin, customs and trade facilitation, import licensing, sanitary and phytosanitary measures, technical barriers to trade measures (technical regulations, standards and conformity assessment procedures), government procurement, trade-related investment measures, and services. USTR uses tools, including its Annual Report and the National Trade Estimate Report, to bring greater attention and focus to addressing non-tariff measures that may be inconsistent with international trade agreements to which the United States is a party. USTR's activities in the WTO technical committees are at the forefront of these efforts. USTR also engages on these issues with U.S. trading partners through mechanisms established in free trade agreements and through regional and multilateral organizations, such as the Asia-Pacific Economic Cooperation (APEC) forum and the Organization for Economic Cooperation Development (OECD).

5.3 Other Monitoring and Enforcement Activities

5.17. Addressing foreign subsidies that affect U.S. businesses is another critical trade enforcement activity. USTR and U.S. Department of Commerce Enforcement and Compliance staff researched foreign subsidies and met with representatives of U.S. industries concerned with the subsidization of foreign competitors. The United States examines the complaints and concerns raised by U.S. exporting companies and monitors the foreign subsidy practices in question to determine if there is reason to believe they are impeding U.S. exports and are inconsistent with the SCM Agreement.

5.18. The United States actively monitors, evaluates, and where appropriate, participates in ongoing anti-dumping (AD) and countervailing duty (CVD) cases conducted by foreign countries to safeguard the interests of U.S. industry and to ensure that Members abide by their WTO obligations in conducting such proceedings. To this end, the United States works closely with U.S. companies affected by foreign countries' AD and CVD investigations and provides extensive responses to inquiries in foreign CVD investigations. The United States also advocates on behalf of U.S. industry in connection with ongoing investigations, with the goal of obtaining unbiased and objective treatment consistent with the WTO agreements. In addition, in CVD cases, the United States provides extensive information in response to questions from foreign governments regarding the subsidy allegations at issue.

5.3.1 Addressing Non-market Policies and Practices

5.19. Free and fair trade benefits both the United States and the rest of the world by providing more affordable goods and services, raising living standards, fueling economic growth, and supporting good jobs. Reducing barriers to trade offers greater product variety, enhances product quality, increases innovation, and raises productivity. In addition, the United States strongly believes that all countries would benefit from adopting policies that promote true market competition. Unfortunately, history shows that not all countries will do so voluntarily. Non-market policies and practices including discriminatory non-tariff barriers, forced technology transfers, excess capacity, economic coercion, forced labor, industrial subsidies, and other forms of support by governments and related entities, distort markets and harm workers and businesses in the United States and in other countries. Non-market policies and practices also undermine supply chain resilience and harm consumers who, in the long run, are deprived of the innovation and choice that fair competition would produce.

5.20. To address these concerns, the United States is considering all existing tools––and will potentially seek new ones as needed––to combat the harms of non-market policies and practices. Critically, we are bringing renewed focus to engagement with our partners and allies, who also suffer harm from non-market policies and practices. We share values and an essential interest in fair, market-based competition. The ability to defend against non-market policies and practices requires that market economies act in concert to confront policies and practices that are fundamentally at odds with a global trading system based on market competition. The United States promotes cooperation to tackle harmful non-market policies and practices through bilateral, plurilateral, and multilateral vehicles including relevant WTO committees, G7, G20, and other fora; existing trade agreements and frameworks; and new initiatives.

5.21. For example, in 2021 the United States and the EU launched the Trade and Technology Council to promote U.S. and EU competitiveness and prosperity and the spread of democratic, market-oriented values by improving transatlantic trade and investment in products and services of emerging technology,

5.22. strengthening our technological and industrial leadership, boosting innovation, and protecting and promoting critical and emerging technologies and infrastructure. The United States and the EU stand together in continuing to protect our businesses, consumers, and workers from unfair trade practices, in particular those posed by non-market economies that are undermining the world trading system. In addition, the United States, the EU, and Japan will continue discussions under the Trilateral partnership to address the global challenges posed by the non-market policies and practices of third countries.

5.23. As another example, in June 2021, the United States reached agreements with the EU and the UK to resolve the longstanding aircraft disputes involving Boeing and Airbus, which allowed us to move past a perennial irritant and focus on shared interests, including financing on market terms and the challenges posed by non-market economies. A working group under each Cooperative Framework collaborates on jointly analyzing and addressing non-market practices of third parties that may harm their respective large civil aircraft industries.

5.3.2 Ensuring Compliance with Labor Obligations

5.24. The United States is committed to ensuring compliance with the labor requirements of our trade tools. Trade agreements negotiated since 2007 have included enforceable obligations to ensure the consistency of each party's labor laws with fundamental labor rights as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. These agreements also include the obligations that each party not fail to effectively enforce its labor laws and not waive or derogate from those laws, in a manner affecting trade or investment. As part of the ongoing effort to monitor and implement existing U.S. trade agreements, the United States has worked with trading partners to advance respect for labor rights through technical cooperation and enforcement efforts, including in Bahrain, Chile, Colombia, Jordan, Korea, Mexico (USMCA), Peru, and the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) countries.

5.25. Of note, the United States has worked closely with Mexico to collaborate on compliance with the labor obligations of the USMCA. The United States has allocated unprecedented technical assistance funding to support Mexico's implementation of its commitments. The United States has also invoked the new RRM five times since the agreement entered into force in July 2020; two matters are pending and in three the United States was able to successfully secure concrete wins for workers trying to exercise their labor rights. For more information, see section 5.2 Enforcement Priorities.

5.26. The United States has also undertaken dialogues under several Trade and Investment Framework Agreements (TIFAs) and related bilateral mechanisms. In each, the United States brought worker issues to the forefront, including forming labor working groups under the TIFA with Chinese Taipei and the Trade and Investment Cooperation Agreement (TICA) with Ukraine; discussing the importance of high labor standards under the TIFA with Uruguay, the Trade and Investment Council Agreement (TIC) with Ecuador, the Joint Commercial Commission (JCC) with Moldova, and the Central Asian TIFA; and emphasizing the worker-centered trade policy during the Trade Policy Forum with India and TIFA discussions with Algeria. The USG and the Government of Bangladesh agreed to establish a labor working group as part of broader bilateral trade, labor and economic engagements.

5.27. Finally, the United States has also worked to promote compliance with the labor obligations of U.S. trade preference programs, including the Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), and trade preferences for Haiti and Nepal. Each requires beneficiaries to meet statutory eligibility criteria pertaining to internationally recognized worker rights and child labor, including the worst forms of child labor.

5.3.3 Addressing Forced Labor

5.28. Since 2018, the United States has increasingly used trade policy to address forced labor worldwide, including in global supply chains. Many trade agreements to which the United States is a party include provisions that require parties to adopt, maintain, and enforce legal provisions on the elimination of all forms of forced or compulsory labor. In addition, the USMCA, which entered into force in July 2020, includes a ground-breaking provision requiring all three countries to prohibit the importation of goods produced wholly or in part with forced labor.

5.29. U.S. trade preference programs continue to be powerful tools in strengthening labor standards around the world, including against the use of forced labor. The GSP (prior to its legislative expiration) and AGOA trade preference programs require that countries receiving these preferential benefits meet all the eligibility criteria, including with respect to forced labor. In January 2019, the United States terminated AGOA eligibility for Mauritania after a review determined the Government of Mauritania had made insufficient progress toward combating forced labor. In 2020, following years of intensive engagement and significant progress on the part of the Government of Uzbekistan toward eliminating systemic forced adult and forced child labor during its annual cotton harvest, the United States closed the GSP eligibility review of Uzbekistan, leaving Uzbekistan's GSP eligibility intact.

5.30. In 2020, the United States also established an interagency Forced Labor Enforcement Task Force (FLETF) to monitor U.S. enforcement of the prohibition under section 307 of the Tariff Act of 1930, as amended, which prohibits importing into the United States "all goods, wares, articles, and merchandise, mined, produced, or manufactured, wholly or in part, in any foreign country by convict labor or/and forced or/and indentured labor". In June 2022, DHS, as Chair of the the FLETF, issued the FLETF's strategy to support the enforcement of the Uyghur Forced Labor Prevention Act, which establishes a rebuttable presumption that the importation of any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part with forced labor in the Xinjiang Uyghur Autonomous Region of the People's Republic of China, or produced by certain entities appearing on a list maintained by the United States, is prohibited under section 307 of the Tariff Act of 1930, as amended.

5.31. In January 2022, the United States announced that it will develop its first-ever focused trade strategy to combat forced labor. The development of this strategy includes a thorough, interagency review of existing trade policies and tools used to combat forced labor, including forced child labor, to determine areas that may need strengthening and gaps that need to be filled. The United States will use this analysis to establish objectives, priorities, new tools, and key action items to advance its goals to combat forced labor.

5.32. The United States has also engaged and worked with allies and trading partners to promote a fair, rules-based international trading system that respects workers' rights and affirms that there is no place for forced labor in such a system, including state-sponsored forced labor. For example, in June 2021, President Biden pushed for the inclusion of forced labor in the G7 Leaders' Statement, which paved the way for U.S. Trade Representative Tai to negotiate the October 2021 Trade Ministers' Forced Labor Statement that recognized the importance of working together to protect individuals from forced labor and to ensure that global supply chains are free from the use of forced labor.

5.4 Free Trade Agreements and Initiatives

5.4.1 The Dominican Republic-Central America – United States Free Trade Agreement (CAFTA-DR)

5.33. On 5 August 2004, the United States signed the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA–DR) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. The Agreement has been in force since 1 January 2009 for all seven countries that signed the CAFTA–DR. It entered into force for the United States, El Salvador, Guatemala, Honduras, and Nicaragua in 2006, for the Dominican Republic on 1 March 2007, and for Costa Rica on 1 January 2009. Two-way goods trade with our CAFTA-DR partner countries totaled USD 68.4 billion in 2021, with U.S. goods exports to the region totaling USD 38.5 billion.

5.34. Nearly all U.S. textile and apparel goods meeting the Agreement's rules of origin may enter the other CAFTA–DR countries' markets duty-free and quota free. Under the CAFTA–DR, tariff-rate quotas (TRQs) for sensitive agricultural products will increase annually through 2025, after which the TRQs will be eliminated and the affected products will enter other CAFTA–DR countries duty-free.

5.35. From 2019 to 2021, the United States continued regular engagement with the CAFTA-DR countries on matters related to implementation and administration of the Agreement. The CAFTA-DR Free Trade Commission (FTC) is the central oversight body for the CAFTA–DR. The FTC is responsible for monitoring the implementation and administration of the Agreement, including strengthening implementation and facilitating trade, enhancing opportunities for small and medium-sized enterprises (SMEs), and addressing trade related aspects of labor and environment. The CAFTA–DR Coordinators, who are technical level staff of the Parties, maintain ongoing communication to advance technical and administrative implementation matters, follow up on agreements reached by the FTC, and to define the agenda for meetings of the FTC.

5.36. The USG continues to monitor labor rights compliance under CAFTA-DR and regularly engage governments—particularly in the Dominican Republic, Guatemala, and Honduras—to support efforts to improve the protection of worker rights.

5.4.2 United States-Australia Free Trade Agreement

5.37. The United States–Australia Free Trade Agreement (FTA) entered into force on 1 January 2005. Under this agreement, as of 1 January 2015, Australia provides duty-free access to all U.S. exports. The United States provides duty-free access to nearly all Australian products. In 2021, two-way trade in goods totaled USD 38.9 billion, with U.S. goods exports totaling USD 26.5 billion. U.S. total exports of agricultural products to Australia totaled USD 1.4 billion in 2021, while imports of agricultural products from Australia totaled USD 3.5 billion

5.38. The U.S.–Australia Joint Committee is the central oversight body for the FTA. The United States and Australia convened a meeting of the Joint Committee in March 2022. The purpose of this meeting was to monitor implementation of the FTA and review concerns about market access. The United States continues to work closely with Australia to deepen the bilateral trade relationship and coordinate on issues of regional and international importance.

5.4.3 United States-Bahrain Free Trade Agreement

5.39. The United States-Bahrain FTA entered into force on 1 August 2006. Under the FTA, all two-way trade in industrial and consumer products is duty-free. In 2021, two-way trade in goods was USD 2.1 billion. U.S. exports of goods was USD 934 million and U.S. imports of goods from Bahrain was USD 1.2 billion. U.S. total exports of agricultural products to Bahrain totaled USD 83 million in 2021. U.S. total imports of agricultural products from Bahrain totaled USD 2 million in 2021. The United States-Bahrain Bilateral Investment Treaty (BIT) took effect in May 2001.

5.4.4 United States-Chile Free Trade Agreement

5.40. The United States-Chile FTA entered into force on 1 January 2004. As of 1 January 2015, all products became duty-free under the Agreement. The United States-Chile FTA eliminates tariffs and opens markets, reduces barriers to trade in services, provides protection for intellectual property, ensures regulatory transparency, guarantees non-discrimination in the trade of digital products, commits the Parties to maintain competition laws that prohibit anticompetitive business conduct, and requires effective labor and environmental enforcement. Two-way goods trade totaled USD 32.4 billion in 2021, with U.S. goods exports to Chile totaling USD 17.3 billion.

5.4.5 United States-Colombia Trade Promotion Agreement

5.41. The United States–Colombia Trade Promotion Agreement (CTPA) entered into force on 15 May 2012. Under the CTPA, the two countries extend provides duty-free access to all consumer and industrial products. More than half of agricultural trade became duty-free immediately upon entry into force, with virtually all remaining tariffs on U.S. agricultural goods to be eliminated by 2026 (reflecting a 15-year phase-out period). Tariffs on a few most sensitive agricultural products will be phased out in 17 to 19 years. Two-way goods trade totaled USD 41.3 billion in 2021, with U.S. goods exports to Colombia totaling USD 16.7 billion.

5.42. From 2019 to 2021, the United States continued regular engagement with the Colombian government to support its efforts to improve the protection of worker rights and address cases of violence and threats against trade unionists. The United States will continue its engagement with the Government of Colombia to ensure progress on workers' rights, including through cooperative efforts and dialogue regarding the collection of fines for labor law violations, combatting abusive subcontracting, and to increase the number of resolved cases of violence and threats against unionists.

5.43. The CTPA established an Environmental Affairs Council (EAC) under the environment chapter. The related U.S.-Colombia Environmental Cooperation Agreement (ECA) established an Environmental Cooperation Commission (ECC). In July 2018, the United States and Colombia finalized an agreement establishing a secretariat to receive and consider submissions from the public on matters regarding enforcement of environmental laws pursuant to Article 18.8 of the CTPA. The secretariat is housed in Colombia and is intended to promote public participation in the identification and resolution of issues regarding each party's enforcement of its environmental laws.

5.4.6 United States-Israel Free Trade Agreement

5.44. The United States-Israel Free Trade Agreement is the United States' first free trade agreement. 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 2021, U.S. goods exports to Israel were USD 12.8 billion, up 25.8% from 2020.

5.45. In December 2020 at a virtual Joint Committee (JC) meeting of the US-Israel FTA, the United States and Israel sought ways to engaged in collaborative efforts to increase bilateral trade and investment. During the meeting, the United States and Israel sought ways to promote greater reciprocal market access for agricultural and industrial goods, and explored further cooperation in the area of digital services and investment.

5.46. 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 treatment for certain agricultural products. The 1996 Agreement was extended through 2003, and a new agreement was concluded in 2004. While this Agreement originally ran through 2008, it has been extended annually since then. In June 2018, the United States and Israel opened negotiations on a permanent ATAP and held a second round of talks in March 2019. At the December 2020 JC meeting, the United States and Israel reaffirmed their commitment to the negotiation of a permanent ATAP.

5.4.7 The United States-Jordan Free Trade Agreement

5.47. The United States-Jordan Free Trade Agreement entered into force on 17 December 2001, and all tariffs were eliminated as of 1 January 2010. U.S. goods exports to Jordan in 2021 were an estimated USD 1.2 billion, down 6.4% from 2020.

5.48. At the July 2019 meeting of the Joint Committee established under the FTA, the United States and Jordan discussed a range of bilateral trade and investment issues, noting positively the increase in bilateral trade. Officials focused on ways to promote greater reciprocal market access for agricultural and industrial goods, including with respect to technical standards and regulations and food safety measures, as well as Jordanian labor reforms, improved IP protection and implementation of the WTO Trade Facilitation Agreement.

5.49. Additionally, the United States continues 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 forced work, conditions of accommodations for foreign workers, and gender discrimination and harassment.

5.4.8 United States—Korea Free Trade Agreement

5.50. The United States–Korea Free Trade Agreement (KORUS) entered into force on 15 March 2012. Duties on virtually all goods have been eliminated as of 1 January 2022, with only some Korean seafood tariff lines and the U.S. tariff line on trucks to be eliminated in future years. The United States and Korea reached agreement in 2018 on modifications and amendments to KORUS and a related letter exchange. These modifications and amendments, which entered into force on 1 January 2019, doubled from 25,000 to 50,000 the number of U.S.-origin vehicles per manufacturer per year that may be imported and sold in the Republic of Korea that meet U.S. safety standards in lieu of Korean safety standards, and delayed the elimination of U.S. tariffs on trucks until 2041. The Parties also agreed to establish a working group to address issues related to origin verification.

5.51. In 2019, the United States requested and held formal consultations with Korea under the Competition Chapter of KORUS to discuss concerns that the Korea Fair Trade Commission (KFTC) had taken disproportionate enforcement efforts (e.g. remedies with geographic scope that go beyond the harm to competition in Korea) with regard to international companies, as well as concerns under KORUS due process provisions about KFTC procedures and practices that inhibit the ability of companies to adequately defend themselves during investigatory proceedings and hearings. These consultations led to reforms of certain KFTC procedures and amendments to Korea's Monopoly

Regulation and Fair Trade Act. Also in 2019, the United States requested environment consultations with Korea under the KORUS Environment Chapter to discuss concerns regarding Korea's response to actions of Korean vessels that contravened measures adopted by the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR). Following these consultations, Korea adopted amendments to Korea's Distant Water Fisheries Development Act to enable the Minister of Oceans and Fisheries to administer administrative sanctions for violations of conservation and management measures of regional fisheries management organizations, including CCAMLR.

5.52. There are 22 KORUS committees and working groups, which meet regularly and may also be convened on an *ad hoc* basis to address issues of concern.

5.53. The United States met with Korean counterparts in April 2022 for a meeting of the Labor Affairs Council under the KORUS Labor Chapter to discuss labor rights and worker protections.

5.4.9 United States-Mexico-Canada Agreement

5.54. The United States–Mexico–Canada Agreement ("USMCA" or "Agreement") entered into force on 1 July 2020. The USMCA maintains the zero tariffs among the three countries that were in place under the North American Free Trade Agreement (NAFTA), while also modernizing the Agreement to include provisions covering digital trade and small and medium-sized enterprises (SMEs). Since the original NAFTA did not eliminate all tariffs on agricultural trade between the United States and Canada, the USMCA creates new market access opportunities for United States exports to Canada of dairy, poultry, and eggs, and in exchange the United States provides new access to Canada for dairy, peanuts, processed peanut products, and a limited amount of sugar and sugar containing products. The USMCA features strong, enforceable labor and environmental obligations in the core text of the Agreement. In 2020 (latest available data), U.S. goods and services trade with Mexico and Canada totaled an estimated USD 1.2 trillion.

5.55. The USMCA contains new rules of origin for motor vehicles, which require a specific amount of North American content in the final vehicle. The USMCA raises regional value content requirements to 75% for automobiles, compared to 62.5% under the NAFTA. The USMCA also requires that at least 70% of a producer's steel and aluminum purchases originate in North America. The USMCA also introduced a new labor value content rule that requires that a certain percentage of qualifying vehicles be produced by employees making an average of at least USD 16 per hour.

5.56. The USMCA Environment Chapter obligations are fully enforceable under the USMCA's dispute settlement mechanism and address key environmental challenges such as illegal, unreported, and unregulated (IUU) fishing and for disciplining harmful fisheries subsidies. The USMCA commits the United States, Mexico, and Canada to take actions to combat and prevent trafficking in timber, fish, and other wildlife, and includes provisions to address other environmental issues such as air quality and marine litter.

5.57. The USMCA's robust and comprehensive labor provisions are fully incorporated into the text of the Agreement and fully enforceable under the Agreement's dispute settlement mechanism. Among other obligations, the USMCA includes new provisions requiring Parties to take measures to prohibit the importation of goods produced by forced labor and to address violence against workers exercising their labor rights. The USMCA also includes an innovative Rapid Response Mechanism (RRM) in the dispute settlement chapter to address protection of association and collective bargaining rights at the facility level. The new mechanism provides for the suspension of USMCA tariff benefits or the imposition of other penalties, such as blocking imports from businesses that are repeat offenders, in cases of non-compliance with key labor obligations.

5.58. The USMCA contains strong commitments on digital trade, financial services, and intellectual property rights. It also addresses non-tariff barriers that can hinder U.S. exports through new provisions on transparency and regulatory matters, including in chapters covering technical barriers to trade, sanitary and phytosanitary measures, and a new chapter on good regulatory practices. Finally, the Agreement contains provisions to combat subsidies and non-market practices that have the potential to disadvantage American workers and businesses, including a chapter to address unfair currency practices, rules on trade distortions caused by state-owned enterprises (SOEs), and transparency obligations with respect to any USMCA Party's future trade negotiations with non-market economies.

5.4.10 United States-Morocco Free Trade Agreement

5.59. The United States-Morocco Free Trade Agreement (FTA) entered into force on 1 January 2006. By the final phase out of US tariffs in 2023, the United States will provide duty-free access to the majority of Moroccan products. Since entry into force, two-way trade in goods has increased by 331.5%, and totaled USD 4.0 billion in 2021. U.S. goods exports to Morocco in 2021 were USD 2.8 billion, and U.S. goods imports from Morocco in 2021 were USD 1.3 billion.

5.60. The United States and Morocco held the sixth meeting of the FTA Joint Committee (JC) on 16 July 2019 in Rabat. U.S. and Moroccan officials noted productive discussions of customs, intellectual property protection, and standards issues. In the area of agriculture, the JC reviewed progress in discussions held just prior to the JC's session in combined meetings of the FTA Agriculture and SPS Subcommittees.

5.4.11 United States-Oman Free Trade Agreement

5.61. The United States-Oman Free Trade Agreement, which entered into force on 1 January 2009, complements other U.S. FTAs to promote economic reform and openness in the region. As of 1 January 2018, all products became duty free under the Agreement. In 2021, two-way trade in goods was USD 3.3 billion. U.S. exports of goods was USD 1.4 billion, and U.S. imports of goods from Oman was USD 1.9 billion.

5.4.12 United States – Panama Trade Promotion Agreement

5.62. The United States–Panama Trade Promotion Agreement entered into force on 31 October 2012. Nearly half of U.S. agricultural exports immediately became duty free immediately after entry into force, with most remaining tariffs on U.S. agricultural goods to be eliminated by 1 January 2026 (after a 15-year phase-out period). Tariffs on most sensitive agricultural products will be phased out in 18 to 20 years. The Agreement also provides access to Panama's estimated USD 37.8 billion services market in 2020 (latest data available). The United States provides duty-free access to nearly all Panamanian products. As of 1 January 2021, Panama provides duty-free access to all U.S. consumer and industrial products.

5.63. The United States–Panama Free Trade Commission (FTC) is the central oversight body for the Agreement. The United States and Panama continued to work cooperatively in 2021 to address a few remaining implementation issues, resulting in new opportunities for traders and investors.

5.64. In conjunction with the Cooperative Labor Dialogue under the Agreement, in 2021 the U.S. Federal Mediation and Conciliation Service continued to provide trainings to Panama's Inter-American School for Social Dialogue, Tripartism and Conflict Resolution.

5.4.13 United States–Peru Trade Promotion Agreement

5.65. The United States-Peru Trade Promotion Agreement (PTPA) entered into force on 1 February 2009. The PTPA eliminates tariffs and removes barriers to U.S. services, provides a secure, predictable legal framework for investors, and strengthens protections for intellectual property, workers, and the environment. The United States provides duty-free access to nearly all Peruvian products. The United States' two-way goods trade with Peru was an estimated USD 17.1 billion in 2021, with U.S. goods exports to Peru totaling USD 10.2 billion.

5.66. The PTPA also established the United States-Peru Forest Sector Subcommittee, the Environmental Affairs Council (EAC), and the Environmental Cooperation Commission. The Subcommittee serves as a forum for the Parties to exchange views and share information on any matter arising under the PTPA's Annex on Forest Sector Governance (Forest Annex). Through the EAC, the United States and Peru have had robust engagement concerning the implementation of the environmental obligations under the PTPA Environment Chapter and the Forest Annex. For additional information concerning U.S. engagement with Peru on these issues, please refer to the section on Trade and the Environment.

5.67. The U.S. continues to monitor labor rights compliance under the US-Peru TPA and engage with the Government of Peru.

5.4.14 United States-Singapore Free Trade Agreement

5.68. The United States-Singapore Free Trade Agreement entered into force on 1 January 2004. The United States–Singapore Joint Committee is the central oversight body for the FTA. The Joint Committee met in October 2021. During the meeting, the United States and Singapore agreed to work together on shared areas of interest through the FTA framework, including on areas such as environment, labor, digital trade, supply chains, and intellectual property. The United States continues to work closely with Singapore to deepen the bilateral trade relationship and coordinate on issues of regional and international importance.

5.5 Other Initiatives

5.5.1 Asia-Pacific Economic Cooperation Forum

5.69. 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's new vision, agreed to in 2020, calls for an "open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations".

5.70. The United States is a significant trader with APEC economies. U.S. goods and services trade with APEC economies totaled USD 2.8 trillion in 2016. Exports totaled USD 1.2 trillion, with goods exports to APEC economies in 2021 totaling USD 1.1 trillion, accounting for 62.7% of overall U.S. exports in 2021. The United States had a USD 3.0 trillion in total (two-ways) goods trade with APEC economies during 2021.

5.71. During New Zealand's APEC host year (2021) and Thailand's APEC host year (2022), the United States worked with APEC to build on the new vision, as well as to launch work on issues of priority for the United States and other APEC economies that will help promote economic growth and support jobs for American workers. The United States joined with other APEC economies to advance capacity-building actions to help developing APEC economies improve at-the-border procedures, including through border agency cooperation. These projects match closely with the provisions of the WTO Agreement on Trade Facilitation. During this time, the United States also advanced work on inclusion, sustainability/environment, digital trade, trade in services, multi-stakeholder engagement, good regulatory practices, and supply chain resilience.

5.72. The United States is looking forward to hosting APEC in 2023, underscoring our commitment to advance fair and open trade and investment, bolster American competitiveness, and ensure a free and open Indo-Pacific.

5.5.2 Japan

5.73. In 2021, total U.S.-Japan trade was USD 278.4 billion, and Japan was the 4th-largest goods trading partner of the United States (latest data available). The U.S. goods trade deficit with Japan was USD 60.2 billion in 2021, a 7.9% increase over 2020. The U.S. services trade surplus was an estimated USD 4.9 billion with Japan in 2021, down 29.1% from 2020.

5.74. On 16 October 2018, USTR notified Congress that the United States intended to enter into negotiations on a trade agreement with Japan. The United States and Japan began negotiations for a phase-one agreement in April 2019, reached agreement in principle on early achievements in the areas of market access and digital trade in August 2019, and announced that the final agreements in these two areas had been reached in September 2019. On 7 October 2019, the United States and Japan signed the United States-Japan Trade Agreement and the United States–Japan Digital Trade Agreement, reflecting those early achievements. Following the completion of respective domestic procedures, both agreements went into effect on 1 January 2020.

5.75. In November 2021, the United States and Japan announced the launch of the U.S.-Japan Partnership on Trade, an initiative to advance a shared agenda of cooperation across a broad range of issue areas as well as to address bilateral trade issues of concern to either side. The first round of meetings took place in February 2022. The trade ministers of the United States, Japan, and the EU also announced the renewal of trilateral cooperation in November 2021 to undertake measures to combat the non-market-oriented policies of third countries. In May 2022, Japan joined the Indo-Pacific Economic Framework as one of the 13 initial partner countries.

5.5.3 United States–ASEAN Trade and Investment Framework Arrangement

5.76. The United States continued to work under the auspices of the United States–ASEAN TIFA to further enhance economic ties between the United States and ASEAN, which collectively represents the United States' fourth largest trading partner. At the annual ASEAN Economic Ministers–USTR Consultations in September 2021, the United States and ASEAN agreed to enhance cooperation on labor, environment, and SMEs. The United States is also continuing cooperation with ASEAN on digital trade, intellectual property, standards, competition, trade facilitation, and agriculture biotechnology.

5.5.4 Engagement with the Middle East and North Africa

5.77. Rapid changes and political instability in the Middle East and North Africa (MENA) region over the past decade have posed ongoing challenges with respect to U.S. trade and investment relations with MENA countries. The region continues to see uneven progress on economic and trade reforms, and many of the underlying economic drivers of political and social instability in various countries have yet to be addressed. However, changing regional dynamics have led to some possible new opportunities for U.S. trade and investment. During the 2018 – 22 period, USTR continued exploring with other U.S. Government agencies, as well as with outside experts and stakeholders in the United States and MENA countries, prospective areas for cooperation that could yield the results in terms of increased trade and investment.

5.78. Throughout the 2018-22 period, the United States continued to monitor, implement, and enforce existing U.S. FTAs in the region (Bahrain, Israel, Jordan, Morocco, and Oman) and sought to engage other MENA countries through existing TIFA mechanisms and preference program review processes. Due to the COVID-19 pandemic, it remained difficult through 2020 and 2021 to engage directly with partner governments. Nonetheless, the United States held virtual meetings under the United States–Tunisia TIFA in May 2021 and under the United States – United Arab Emirates TIFA in June 2021.

5.79. The United States also sought further contact with additional partners in the region, including among Member States of the Gulf Cooperation Council (GCC) (Bahrain, Kuwait, Oman, Qatar, the Kingdom of Saudi Arabia, and the United Arab Emirates). U.S. dialogue with all MENA countries remains aimed at ensuring that U.S. interests, including the realization of a worker-centered trade policy and women's economic empowerment, are fully represented as they pursue the modernization and diversification of their economies. The United States will enhance its efforts to engage meaningfully with its regional partners as travel restrictions ease; U.S. officials visited Algiers in June 2022 for the first post-pandemic in-person meeting under the United States – Algeria TIFA.

5.5.5 Economic and Trade Agreement Between the Government of The United States of America And the Government of The People's Republic of China (Phase One Agreement)

5.80. In 2017, the United States launched an investigation into China's acts, policies and practices relating to technology transfer, intellectual property and innovation under Section 301 of the Trade Act of 1974. The findings made in this investigation led to substantial U.S. tariffs on imports from China as well as corresponding retaliation by China. Against this backdrop, in January 2020, the two sides signed the U.S.-China Economic and Trade Agreement, commonly referred to as the "Phase One Agreement". This Agreement included commitments from China to improve market access for the agriculture and financial services sectors, along with commitments relating to intellectual property and technology transfer and a commitment by China to increase its purchases of U.S. goods and services.

5.81. China has not yet implemented some of the more significant commitments that it made in the Phase One Agreement, such as commitments in the area of agricultural biotechnology and the required risk assessment that China is to conduct relating to the use of ractopamine in cattle and swine. China has also fallen far short of implementing its commitments to purchase U.S. goods and services in 2020 and 2021. Meanwhile, other commitments that China made, such as in the area of technology transfer, are difficult to verify given the tactics that China uses to obscure its activities.

Importantly, this Agreement did not meaningfully address the more fundamental concerns that the United States has with China's state-directed, non-market policies and practices and their harmful impact on the U.S. economy and U.S. workers and businesses. The United States is exploring appropriate next steps.

5.5.6 United States-African Continental Free Trade Area (AfCFTA) Engagement

5.82. In December 2021, U.S. Trade Representative Tai met with the Secretary General of the African Continental Free Trade Area (AfCFTA) Secretariat to discuss their vision for further engagement and ways to support regional value chains across Africa, attract positive investment on the continent, and improve African workers' livelihoods and opportunities. Numerous U.S. government agencies are offering technical assistance for the AfCFTA and USTR is collaborating with the Department of Commerce's Commercial Law Development Program, in a USAID- and Prosper Africa-funded activity, to support the AfCFTA Protocol on Women and Youth.

5.5.7 United States-Brazil Agreement on Trade and Economic Cooperation

5.83. In 2020, the United States and Brazil updated their 2011 Agreement on Trade and Economic Cooperation by adding a Protocol Trade Rules and Transparency, comprising annexes on Trade Facilitation and Customs Administration, Good Regulatory Practices, and Anti-Corruption. This trade agreement entered into force 2 February 2022, following approval by the Brazilian Congress in November 2021.

5.5.8 United States-Ecuador Protocol on Trade Rules and Transparency

5.84. In 2020, the United States and Ecuador updated their 1990 Agreement on a Trade and Investment Council by adding a Protocol on Trade Rules and Transparency, comprising annexes on Trade Facilitation, Good Regulatory Practices, Anti-Corruption, and Small- and Medium-sized Enterprises. This trade agreement entered into force August 2021, following approval by the Ecuadorian Congress.

5.5.9 United States/United Kingdom Dialogues on the Future of Atlantic Trade

5.85. United States Trade Representative Katherine Tai and United Kingdom Secretary of State for International Trade Anne-Marie Trevelyan hosted two U.S. – UK Dialogues on the Future of Atlantic Trade in 2022. The first was held in Baltimore, Maryland, in March 2022 and the second was held in Aberdeen, Scotland, in April 2022.

5.86. The Dialogues followed President Biden and Prime Minister Boris Johnson's announcement last year of a new 'Atlantic Charter.' The purpose of the Dialogues was to explore how the United States and United Kingdom can collaborate to advance mutual international trade priorities rooted in our shared values, while promoting innovation and inclusive economic growth for workers and businesses on both sides of the Atlantic. The trade ministers held a series of roundtable discussions in both locations with a diverse group of stakeholders from the U.S. and UK business community, trade unions, and civil society, and held government-to-government bilateral discussions between U.S. and UK officials.

5.87. As a result of the discussions, the United States and the United Kingdom agreed to collaborate further on: delivering practical support for SMEs, digitizing U.S.-UK trade in the modern economy, building resilience in critical supply chains, addressing the global trade impacts of the Russian Federation's invasion of Ukraine, promoting environmental protection and the transition to net zero, supporting high labor and environmental standards, and promoting innovation and inclusive economic growth for workers and businesses on both sides of the Atlantic. Both governments are now considering internally the next steps following these Dialogues.

5.5.10 Indo-Pacific Economic Framework

5.88. The United States is committed to engaging economically with partners in the Indo-Pacific region. In the coming decades, we believe that competitiveness will be defined largely by how well countries are able to harness technology and digital sectors of our economies and on our ability to adapt to the coming energy and climate transition. The United States is also committed to promoting inclusive growth.

5.89. The Indo-Pacific is one of the most dynamic regions in the world, and it is one of strategic importance to the United States. Additionally, the region is home to some of our closest allies and trading partners, including some with which we have longstanding trade agreements. By working closely with allies and partners to bolster our economic engagement in the Indo-Pacific, we can establish a new path forward that supports the global competitiveness of American workers and businesses and furthers the shared interests of our allies in the years to come.

5.90. In October 2021, President Biden announced that the United States would develop an Indo-Pacific Economic Framework to deepen economic relationships with allies and partners in the region. This framework will promote resilient, sustainable, and inclusive growth for workers and businesses, including by advancing strong labor standards and addressing climate change. The framework is central to the United States' economic strategy in the Indo-Pacific and complements our national security goals in the region.

5.91. On 23 May the United States launched the Indo-Pacific Economic Framework for Prosperity (IPEF). In addition to the United States, IPEF includes 13 partners: Australia, Brunei Darussalam, Fiji, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and Viet Nam.

5.92. The United States will use this framework to address a range of important areas of economic cooperation, including: trade; supply chains; clean energy, decarbonization, and infrastructure; and tax and anti-corruption. USTR will lead efforts to craft a trade arrangement that includes high-standard commitments in the following areas: labor; environment; digital and emerging technology; agriculture; transparency and good regulatory practices; competition policy; and trade facilitation. The U.S. Department of Commerce will lead U.S. efforts to expand cooperation on supply chains; clean energy, decarbonization, and infrastructure; and tax and anti-corruption.

5.5.11 U.S.-EU Trade and Technology Council

5.93. At the United States-European Union (EU) Summit in June 2021, President Biden, European Commission President von der Leyen, and European Council President Charles Michel announced the formation of the U.S.-EU Trade and Technology Council (TTC). The TTC's overall objective is to promote U.S. and EU competitiveness and prosperity and the spread of democratic, market-oriented values by increasing transatlantic trade and investment in products and services of emerging technology, strengthening our technological and industrial leadership, boosting innovation, and protecting and promoting critical and emerging technologies and infrastructure. The United States and the EU have initiated cooperation in the TTC on the development and deployment of new technologies that are based on our shared democratic values, including respect for human rights, and that encourage compatible standards and regulations.

5.94. For the United States, the TTC is co-chaired by U.S. Trade Representative Katherine Tai, Secretary of Commerce Gina Raimondo, and Secretary of State Anthony Blinken. For the EU, the TTC is co-chaired by European Commission Executive Vice Presidents Valdis Dombrovskis and Margrethe Vestager.

5.95. The United States and the EU have established 10 TTC Working Groups, which are chaired by relevant U.S. agencies and European Commission services. USTR leads the Global Trade Challenges working group (Working Group 10) along with the European Commission's Directorate-General for Trade. Working Group 10 is focused on a range of issues including challenges from non-market economic policies and practices, avoiding new and unnecessary technical barriers in products and services of emerging technology, and promoting and protecting labor rights.

5.96. USTR is also one of the U.S. co-leads for the Climate and Clean Tech working group, along with the Department of State and the Department of Energy. On the EU side, the group is co-led by the Directorates-General for Climate Action, for Research and Innovation, and for Communication Networks, Content and Technology. The Climate and Clean Tech working group is seeking to identify opportunities, measures, and incentives to support technology development, transatlantic trade, and investment in climate neutral technologies, products, and services, including collaboration in third countries and on research and innovation. The working group is also exploring methodologies, tools, and technologies for calculating embedded greenhouse gas emissions in global trade.

5.6 Other Trade Activities

5.6.1 Protecting Intellectual Property (Including China-Related 301)

5.97. Fostering innovation and creativity is essential to U.S. economic growth, competitiveness, and the estimated 63 million American jobs that directly or indirectly rely on intellectual property (IP)-intensive industries. To this end, a trade priority for the Administration is to protect American innovation and creativity in foreign markets employing all the tools of U.S. trade policy. IP infringement, including patent infringement, trademark counterfeiting, copyright piracy, and trade secret theft, causes significant financial losses for right holders and legitimate businesses, undermines U.S. competitive advantages in innovation and creativity, and can also harm American workers whose livelihoods are tied to America's innovation and creativity driven sectors. Through engagement with trading partners, the Administration advocates for strong IP protection and enforcement in other countries for, among other things, works, phonograms, performances, brands, designs, trade secrets, and inventions by U.S. authors, creators, inventors, artists, and businesses.

5.98. Top challenges for U.S. right holders abroad include copyright piracy, which particularly threatens U.S. exports in media and other creative content. Trade in counterfeit and pirated products often fuels cross-border organized criminal networks, increases the vulnerability of workers to exploitative labor practices, and hinders sustainable economic development in many countries. The theft of trade secrets, often among a company's core business assets and key to a company's competitiveness, hurts U.S. businesses, including small and medium-sized businesses. The reach of trade secret theft into critical commercial and defense technologies poses threats to U.S. national security interests as well. Additionally, inappropriate protection of geographical indications, including the lack of transparency and due process in some systems, limits the scope of trademarks and other IP rights held by U.S. producers and imposes barriers on market access for U.S.-made goods and services that rely on the use of common names, such as "feta" cheese. Furthermore, while recognizing that certain extraordinary circumstances such as pandemics call for extraordinary measures, the Administration continues to seek adequate and effective protection for pharmaceutical and other health-related IP around the world to ensure robust American innovation in these critical industries to fight not only the current, but also future pandemics. In addition, the Administration has sought to level the playing field abroad by reducing market access barriers, including those that discriminate against U.S. companies, are not adequately transparent, or do not offer sufficient opportunity for meaningful stakeholder engagement.

5.99. The United States seeks to address these concerns through multiple avenues. The United States works with many trading partners to strengthen IP protection and enforcement through the provisions of bilateral instruments, including trade agreements and memoranda of understanding. This also includes engagement under Trade and Investment Framework Agreements and through bilateral intellectual property work plans. In addition, the United States works with trading partners within regional or other initiatives, including the Asia-Pacific Economic Cooperation, the Group of 7, the World Intellectual Property Organization, the Organisation for Economic Co-operation and Development, the World Customs Organization, and other fora.

5.100. The United States actively monitors and enforces trade commitments, which is critical to the success of negotiated outcomes. In one example, the United States requested consultations with China in March of 2018 under the WTO dispute settlement process in DS542: China – Certain Measures Concerning the Protection of Intellectual Property Rights. In March 2019, China revised the measures that the United States had challenged by deleting certain provisions in three measures, including the Administration of Technology Import/Export Regulations. The United States considered that China's actions had sufficiently addressed U.S. concerns, and after 12 months, the authority of the panel expired on 8 June 2021. The United States also actively relies upon relevant enforcement provisions in its domestic law, including section 301 of the Trade Act of 1974, border enforcement measures (including in cooperation with foreign customs authorities), and criminal statutes as they may apply, including as to the misappropriation of trade secrets. (Section 5.2 above provides additional information on U.S. enforcement efforts, including the investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation Under Section 301 of the Trade Act of 1974.)

5.101. An important additional avenue for bilateral engagement is USTR's annual Special 301 Report and the related Review of Notorious Markets for Counterfeiting and Piracy. Pursuant to statute, USTR must identify those countries that deny adequate and effective protection for IP rights or deny fair and equitable market access for persons that rely on IP protection, which may lead to designation as a "Priority Foreign Country". In addition, USTR created a Special 301 "Priority Watch List" (PWL) and "Watch List" (WL), placement on which indicates that particular problems exist in the listed country with respect to IP protection, enforcement, or market access for persons relying on IP. Countries placed on the PWL receive increased attention in bilateral discussions with the United States concerning the identified problem areas. USTR develops an action plan for each foreign country identified on the PWL for at least one year. USTR also conducts an annual Review of Notorious Markets for Counterfeiting and Piracy focused on online and physical marketplaces that reportedly engage in or facilitate substantial piracy or counterfeiting.

5.102. Also critical to U.S. trade policy in the arena of IP protection and enforcement is the provision of technical assistance and capacity building. The U.S. Government collaborates with various trading partners on IP-related training and capacity building around the world. Domestically and abroad, bilaterally, and in regional groupings, the U.S. Government remains engaged in building stronger and more effective systems for the protection and enforcement of IP. Various U.S. government agencies provide sustained and valuable contributions, such as the Department of Commerce's Commercial Law Development Program; the STOPfakes program managed by the International Trade Administration; the U.S. Patent and Trademark Office, through its Office of Policy and International Affairs, which includes the Global Intellectual Property Academy and the Intellectual Property Attaché Program; the U.S. Department of State's Office of Intellectual Property Enforcement, International Visitors Leadership Program, and its Global Intellectual Property Law Enforcement Coordinator program; as well as trainings provided by the joint Department of Justice and State's International Computer Hacking and Intellectual Property (ICHIP) program, U.S. Immigration and Customs Enforcement Homeland Security Investigations (HSI) through the HSI-led National Intellectual Property Rights Coordination Center, and the United States Copyright Office. Through these combined efforts, the United States is committed to ensuring that American innovation and creativity is protected in foreign markets.

5.6.2 Promoting Digital Trade

5.103. The United States places great importance on electronic commerce (or "digital trade"), which plays a crucial role in strengthening and supporting firms in every sector of the economy. Since the last U.S. Trade Policy Review, the United States has advanced engagement on digital trade issues across a range of fora to ensuring that digital trade benefits people as both workers and consumers, and worked to combat a rising tide of barriers to digital trade around the world.

5.104. Following the announcement in December 2017 to initiate exploratory work on negotiations on electronic commerce, the United States and 75 other WTO Members issued a Joint Statement on Electronic Commerce on the margins of the World Economic Forum in January 2019 confirming their intent to commence negotiations and committing to seek a high-standard outcome with the participation of as many Members as possible. Since the initiation of the WTO Joint Statement Initiative on Electronic Commerce, the United States has participated actively in the negotiations, including submission of a text proposal in 2019. At the WTO's 12th Ministerial Conference in June 2022, the United States also joined a consensus among WTO Members to maintain a moratorium on duties on electronic transmissions and to reinvigorate the Work Program on Electronic Commerce.

5.105. The United States -Japan Digital Trade Agreement, which entered into force in January 2020, and United States-Mexico-Canada Agreement, which entered into force in July 2020, established high-standard digital trade rules that will support digitally-enabled suppliers from every sector to innovate and prosper. In May 2022, the United States and 13 other countries launched the Indo-Pacific Economic Framework (IPEF). For more information, see section 5.5.10. Through the IPEF, the United States will work with our partners to ensure we take full advantage of the opportunities presented by digital trade. The United States regularly raises digital trade issues bilaterally, including in consultations with FTA partners, in Trade and Investment Framework Agreement meetings, and other engagements. The United States also engages in conversation on digital trade issues in international fora such as the G20, G7, APEC, and the OECD, using these platforms to address and bring attention to barriers to digital trade.

6 TRADE-RELATED CAPACITY BUILDING INITIATIVES

6.1. The United States supports effective, targeted, and demand-driven technical assistance by leveraging available resources; designing programs that aim at the widest participation among developing and least developed countries; and, ultimately, ensuring that the benefits of open and transparent trade regimes are realized by all our traders.

6.2. An important element of this TCB trade-related capacity building work involves coordinating U.S. Government technical assistance activities with those of the international institutions in order to identify and leverage donor synergies in programming and to avoid duplication. These institutions include the WTO, the World Bank, the IMF, the regional development banks, and the United Nations. The United States, led by USTR at the WTO, led by the Treasury Department at various international financial bodies, and led by the State Department at the United Nations, works in partnership with these institutions and other donors to ensure that, where appropriate, trade-related assistance is an integral component of development programs tailored to the circumstances within each developing country. The capacity building efforts of the United States, both through bilateral assistance and through multilateral institutions, build on a longstanding commitment to help partner countries benefit from the opportunities provided by the global trading system. U.S. bilateral assistance includes programs such as targeted assistance for developing countries participating in U.S. preference programs and coordination of assistance through Trade and Investment Framework Agreements. The United States also provides bilateral assistance to developing countries to enable them to work with the private sector and non-governmental organizations to transition to a more open economy; to prepare for WTO negotiations; and to abide by their trade obligations.

6.3. The U.S. Agency for International Development (USAID) has historically been the primary implementer of U.S. trade capacity building programs. In 2020, together with the U.S. Department of Agriculture (USDA), and Department of State, these three USG Agencies invested USD 352 million in trade technical assistance delivering more than 500 projects across 118 countries and geographic regions with a focus on lower-middle income groups in Sub-Saharan Africa.

6.4. Total U.S. government investments in TCB decreased by 67% from FY2019 to FY2020 primarily due to a decrease in funding from the Millennium Challenge Corporation (MCC), and a decrease in funding obligations from other the USG programs, likely as a result of disruptions in programming arising from the COVID-19 pandemic and global response.

6.1 WTO-Related U.S. Trade-Related Assistance

6.5. The United States has long supported the trade-related assistance activities of the WTO Secretariat through voluntary contributions to the Doha Development Agenda Global Trust Fund. Overall, the United States has contributed more than USD 21 million since 2001.

6.6. The United States is an active participant in the Aid for Trade program at the WTO. The Aid for Trade program was established at the Sixth Ministerial Declaration in 2005 in Hong Kong, China, as a framework to operationalize technical assistance and trade capacity building efforts among WTO Members and other international organizations. Through the Aid for Trade program, the United States fosters the establishment of open markets and rules-based trading systems worldwide, particularly in less developed countries.

6.7. The United States provides technical support to countries that are in the process of acceding to the WTO and for post-accession implementation. Among current accession applicants, Algeria, Azerbaijan, Bosnia and Herzegovina, Comoros, Iraq, Lebanon, Serbia, Timor Leste, and Uzbekistan received U.S. technical assistance in their accession processes. In addition, Afghanistan[1], Georgia, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Ukraine continue to receive assistance with implementing their membership commitments.

[1] The implementation of trade capacity building programs by USAID Mission in Afghanistan ceased at the end of Fiscal Year 2021.

6.1.1 The Enhanced Integrated Framework

6.8. The Enhanced Integrated Framework (EIF) is a technical assistance, multi-donor trust fund that operates as a coordination mechanism for trade-related assistance exclusively to least-developed countries (LDCs), with the overall objective of integrating trade into national development plans and integrating LDCs into the multilateral trading system. The United States has supported the EIF primarily through complementary bilateral assistance to LDC countries by USAID. Bilateral assistance includes initiatives both to integrate trade into national economic and development strategies and to address high priority capacity building needs designed to accelerate integration into the global trading system.

6.1.2 Trade-related Capacity Building Initiatives for Africa

6.9. U.S. trade-related capacity building programs have primarily focused on inclusive economic growth through increased trade, investment, and competitiveness that creates greater opportunity for all citizens. In Africa in particular, this translates into significant assistance to help recipient countries expand exports under the African Growth and Opportunity Act (AGOA) and other U.S. tariff preference programs. From 2001 to 2020 (latest year of available data), the United States has invested or obligated more than USD 8.5 billion in trade-related projects in sub-Saharan Africa to promote economic growth and alleviate poverty.

Prosper Africa

6.10. Since mid-2019, the United States has been implementing a continent-wide program called Prosper Africa that invests in opportunities to do business in, and with, Africa, for the benefit of companies, investors, and workers both in Africa and the United States. To date, the U.S. Government has helped close 800 transactions across 45 countries for an estimated value of USD 50 billion in exports and investments. The Prosper Africa program includes support for the implementation of the African Continental Free Trade Area (AfCFTA), while Prosper Africa funding for the West and Southern Africa Trade and Investment Hubs has enabled African businesses to take better advantage of AGOA trade preferences. Most recently, USAID and the American National Standards Institute (ANSI) sponsored a technical advisor who supported the African Union Commission until September 2021 in its preparations to implement the Technical Barriers to Trade (TBT) Annex of the AfCFTA Goods Protocol. Additionally, USAID's Promoting American Approaches to ICT Regulatory Policy (ProICT) program will be offering the services of a technical consultant through Trademark East Africa (TMEA) to support the upcoming digital trade negotiations in the AfCFTA.

USAID Trade and Investment Hubs

6.11. The United States has boosted trade capacity building assistance through Trade and Investment Hubs (Hubs) on the continent, which are expected to facilitate over USD 500 million in new investments and foster the creation of 40,000 jobs by 2024. These Hubs, located in Accra, Ghana; Pretoria, South Africa; and Nairobi, Kenya, implement new and innovative initiatives to reduce bottlenecks along major trade corridors; promote trade with the United States under AGOA; and attract investment that drives commercial expansion of African companies into global markets. The Hubs are responsible for creating Source Africa, the continent's largest apparel trade show. In addition, the Hubs support implementation of the Feed the Future initiative to help improve food security by integrating regional markets and reducing the time and cost to move goods from areas of surplus to those of deficit. Supporting such investment allows key value chains to scale up, reaching tens of thousands of smallholder farmers, and create stable, long-term employment opportunities.

U.S. Department of Agriculture

6.12. The U.S. Department of Agriculture's (USDA's) Foreign Agricultural Service (FAS) administers a number of agricultural technical assistance, training, research and exchange programs in sub-Saharan Africa such as Food for Progress; the Borlaug Fellowship Program; and Cochran Programs to help develop sound science in trade policies, and promote regional food security. To this end, FAS capacity building is helping to develop harmonized SPS systems that align with the WTO SPS Committee and International Standard Setting Bodies to monitor and control transboundary animal diseases and plant pests, and respond to emergencies. In addition, FAS technical assistance supports the development of food monitoring systems that will both ensure exported foods meet international requirements and that will safeguard domestic food supplies from chemical and microbiological contamination. In 2021, USDA confirmed support to hire an embedded SPS advisor at the African Union Commission to guide the African Union's efforts to implement the SPS Policy Framework, a document intended to guide Member States on the SPS Annex of AfCFTA; reduce barriers to cross border trade; and better coordinate capacity building and policy harmonization under the AfCFTA.

Millennium Challenge Corporation

6.13. The Millennium Challenge Corporation (MCC) works in partnership with well-governed developing countries to reduce obstacles to private investment and promote economic growth. Since MCC was created in 2004, the agency has invested more than USD 8.1 billion in trade-related assistance to developing countries, with over USD 4.8 billion of that amount invested in AGOA-eligible countries. MCC's partnerships with AGOA-eligible countries span the continent and have included expansions to critical seaports in Benin and Cabo Verde and roads used for commerce in Ghana, Mozambique, Niger, Côte d'Ivoire, and Senegal. MCC's innovative approach—from viability gap financing for infrastructure projects to support of regulatory reforms—unlocks capital, improves investment environments, and helps create opportunities for firms in emerging markets.

U.S. Trade and Development Agency

6.14. The U.S. Trade and Development Agency (USTDA) works to reduce barriers to financing infrastructure, and links U.S. businesses to export opportunities by funding feasibility studies, technical assistance and pilot projects that integrate U.S. private sector innovation into infrastructure projects and foster economic growth in partner countries. The Agency also connects overseas project sponsors with U.S. partners through its reverse trade missions, industry conferences, and expert workshops. Over the last 30 years, USTDA has been working in sub-Saharan Africa connecting African project sponsors and U.S. companies through project preparation and export promotion activities in collaboration with the U.S. Government's Prosper Africa and Power Africa initiatives, as well as USTDA's Access Africa initiative. The Power Africa initiative works to improve the legal and regulatory environment for power projects in the African market. USTDA's Access Africa initiative is a partnership with U.S. industry to advance the development of high-quality information and communications technology infrastructure and services across Sub-Saharan Africa. In addition, USTDA advances Prosper Africa through its Global Procurement Initiative, which provides education to public officials in emerging markets on how to establish procurement practices and policies that integrate life-cycle cost analysis and best value determination in a fair, transparent manner. The GPI helps partner countries acquire high-quality, long-lasting technologies, while building smart, sustainable infrastructure with overall savings to their government.

6.1.3 Standards Alliance

6.15. The Standards Alliance is a public-private partnership between USAID and ANSI, the official U.S. representative to the International Organization for Standardization (ISO). The goal of this partnership is to build capacity among developing countries to implement the WTO Agreement on Technical Barriers to Trade (TBT Agreement). This program aims to reduce the costs and bureaucratic hurdles U.S. exporters face in foreign markets and increase the competitiveness of U.S. products, particularly in developing markets, through the delivery of training on, among others, international standards, and best practices supporting implementation of the TBT Agreement. The Standards Alliance implements projects in Africa, the Indo-Pacific, Central and South America.

6.16. The Standards Alliance has worked with a number of AGOA-eligible countries, including Senegal, Côte d'Ivoire, Ghana, Mozambique, Zambia, South Africa, and Kenya. In 2019, USAID and ANSI announced the launch of Standards Alliance: Phase 2 (2019–2024). Building on the success of Phase 1, Phase 2 commits funds to promote regulatory convergence in the context of the COVID-19 pandemic, good regulatory practice (GRP), and the adoption of international standards for medical devices while enhancing the critical role of standards and conformity assessment in supporting public health and safety. Ultimately, the goal is to establish an efficient medical device regulatory environment and framework that will facilitate the response to the COVID-19 pandemic and diminish technical barriers to trade, thus promoting the export of quality U.S. medical devices. In addition, the Standards Alliance provides private sector technical assistance in the region on the biofuels, and water and sanitation sectors. The initiative is also exploring opportunities in the construction related standards. All projects are co-financed by the U.S. private sector and USAID.

7 UNITED STATES PREFERENCE PROGRAMS

7.1 Generalized System of Preferences (GSP)

7.1. The U.S. Generalized System of Preferences (GSP) program was authorized by the Trade Act of 1974 (19 U.S.C. §§ 2461 et seq.) and has subsequently been renewed 14 times, most recently in March 2018. Authorization for the program lapsed on 31 December 2020. The GSP program is a non-reciprocal trade preference program that allows eligible exports from designated developing countries to enter the United States duty-free. It was designed to support the creation of trade opportunities for developing countries and encourage broad-based economic development. As of 31 December 2020, there were 119 designated GSP beneficiary developing countries (BDCs) and territories. Forty-four countries and territories were designated least-developed beneficiary developing countries (LDBDCs) under the GSP program and, as such, were eligible for a broader range of duty-free benefits. Approximately 3,500 non-import sensitive products were eligible for duty-free treatment for BDCs, with an additional approximately 1,500 products reserved for eligibility from LDBDCs only.

7.2. USTR makes recommendations to the President regarding which countries are eligible for benefits based on beneficiary countries' compliance with the 15 GSP eligibility criteria established by Congress. These criteria include, but are not limited to: taking steps to respect internationally recognized worker rights, providing the United States with equitable and reasonable market access, reducing trade-distorting investment practices, providing adequate and effective protection of intellectual property (IP) rights to U.S. rights holders, and enforcing arbitral awards in favor of U.S. citizens or corporations. In 2018, USTR implemented a new monitoring process that assesses all GSP beneficiaries' compliance with all eligibility criteria on a triennial basis. During the reporting period, USTR and the GSP Subcommittee assessed GSP beneficiary countries in the Western Hemisphere, Europe, the Middle East, North Africa, and Sub-Saharan Africa.

7.3. In May 2019, the United States terminated India's GSP designation after India had implemented a variety of trade barriers that negatively impacted United States commerce, and failed to provide the United States with reasonable access to its markets. In May 2019, the United States also terminated Turkey's GSP designation after finding that Turkey had attained a sustainable level of economic development and global competitiveness without the need for preferential access to the United States market. In April 2020, the United States suspended USD 1.3 billion of Thailand's GSP benefits for failure to comply with GSP worker rights criteria; in December 2020, the U.S. suspended an additional USD 817 million for failure to provide equitable and reasonable market access for U.S. pork products. More information may be found on the USTR website[2] and in USTR's GSP Guidebook.

7.2 African Growth and Opportunity Act (AGOA)

7.4. AGOA, which was extended to 2025 by the Trade Preferences Extension Act of 2015, has been a core element of U.S.-African engagement on trade and investment since it was enacted in 2000. By providing duty-free entry into the United States for approximately 6,000 tariff lines of products to beneficiary countries, AGOA has helped to expand and diversify two-way trade between the United States and sub-Saharan Africa. In 2021, U.S. total two-way goods trade with sub-Saharan Africa was USD 44.8 billion. U.S. total imports under AGOA, including its Generalized System of Preferences provisions, was USD 6.7 billion and U.S. imports of non-oil goods under AGOA totaled USD 4.8 billion. AGOA has also created hundreds of thousands of new jobs in eligible countries and sectors, and helped to alleviate poverty on the continent.

7.5. Every year, AGOA requires the President to monitor and review the progress of sub-Saharan African countries in meeting the AGOA eligibility criteria set out in the legislation – including, among other requirements, making continual progress in establishing a market-based economy, rule of law, and protection of internationally recognized workers' rights. USTR makes recommendations to the

[2] Viewed at: https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp.

President regarding which countries meet eligibility criteria for benefits based on an annual country eligibility review that takes into account information drawn from U.S. Government agencies, the private sector, non-governmental organizations, and prospective beneficiary governments. As of January 2022, 36 countries were eligible for AGOA benefits.

7.6. The United States-Sub-Saharan Africa Trade and Economic Cooperation Forum, informally known as the "AGOA Forum", is an annual ministerial-level meeting with AGOA-eligible countries. In October 2021, the United States convened a two-day high-level Virtual AGOA Ministerial with African counterparts that took place in lieu of an in-person annual AGOA Forum due to the COVID-19 pandemic. The theme of the Ministerial was "Building Back a Better U.S.-Africa Trade and Investment Relationship". The 2020 AGOA Forum did not take place due to the COVID-19 pandemic and the most recent in-person AGOA Forum took place in August 2019 in Abidjan, Côte d'Ivoire. Ambassador Tai hosted a Virtual AGOA Ministerial meeting in October 2021 and will host an in person Ministerial meeting in December 2022. The next AGOA Forum is slated to take place in South Africa in August 2023.

7.7. In June 2022, USTR released the "2022 Biennial Report on the Implementation of the African Growth and Opportunity Act" to Congress. The report provides Congress a description of the status of trade and investment between the United States and sub-Saharan Africa, changes in country eligibility for AGOA benefits, an analysis of country compliance with the AGOA eligibility criteria, an overview of regional integration efforts in sub-Saharan Africa, and a summary of U.S. trade capacity-building efforts.

7.3 The Caribbean Basin Initiative

7.8. The programs known collectively as the Caribbean Basin Initiative (CBI) are a vital element in U.S. economic relations with its neighbors in the Caribbean. Initially launched in 1983 by the Caribbean Basin Economic Recovery Act (CBERA) and substantially expanded in 2000 with the U.S.-Caribbean Basin Trade Partnership Act (CBTPA), the CBI was further expanded in the Trade Act of 2002. The HOPE Act, the HOPE II Act of 2008, and the HELP Act provide additional benefits for textile and apparel products from Haiti, as part of CBI. As of 2021, the CBI provides 17 countries and dependent territories with duty-free access to the U.S. market for most goods.

7.9. The trade benefits of CBI have helped beneficiary countries and dependent territories in the region diversify their exports. In conjunction with economic reform and trade liberalization by beneficiary countries, the trade benefits of the program have contributed to their economic growth. In December 2021, USTR submitted its fourteenth biannual report to Congress on the operation of the CBERA including compliance of each country with CBI eligibility criteria. The report can be found on the USTR website.[3] A list of current beneficiary countries can be found in the December 2021 report.

7.4 Nepal Preference Program

7.10. The Nepal Trade Preference Program (NTPP) provides non-reciprocal preferential trade benefits on specified products through 31 December 2025 to assist Nepal in its recovery from the April 2015 earthquake and subsequent aftershocks. The Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) entered into force on 24 February 2016 and directed the President to establish a new country-specific preference program to grant Nepal duty-free treatment for a set of textile, apparel, and headgear products covered by 66 8-digit tariff lines in the Harmonized Tariff Schedule (HTS). Due to changes in the U.S. Harmonized Tariff Schedule, the number of tariff lines for which Nepal is exempt from customs duties increased in July 2016 to 77 8-digit tariff lines. Following the determination that Nepal met certain eligibility requirements, the NTPP program was implemented by Presidential Proclamation on 15 December 2016. In addition to the tariff preferences, the TFTEA directs the President to provide trade-related technical assistance to help Nepal implement the World Trade Organization (WTO) Trade Facilitation Agreement.

7.11. In 2021, U.S.-Nepal two-way trade totaled USD 304.5 million. U.S. imports from Nepal under the NTPP were USD 4.0 million in 2021 and accounted for 3.7% of total U.S. imports from Nepal. The U.S. government has made efforts to promote the utilization of the NTPP, including through the

[3] Viewed at: https://ustr.gov/sites/default/files/files/reports/2021/2021CBIReport.pdf.

last U.S.–Nepal Trade and Investment Framework Agreement (TIFA) Council meetings in December 2020. The TFTEA also requires the President to annually report to Congress on the implementation of the NTPP[4] as well as whether Nepal is meeting the eligibility criteria, which includes, among other things, making continual progress in establishing a market-based economy, rule of law, and protection of internationally recognized workers' rights.

7.5 Haiti Hope

7.12. The United States provides substantial benefits to Haiti through the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 ("HOPE Act"), the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008 ("HOPE II"), and the Haiti Economic Lift Program Act of 2010 ("HELP Act"). In 2015, Congress extended this program of unilateral support for Haiti through 30 September 2025.

7.13. On an annual basis, USTR is required to submit a report to Congress regarding the implementation of HOPE II. The latest HOPE II Report can also be found on the USTR website.[5]

8 TRADE AND ENVIRONMENT

8.1. Since the last U.S. Trade Policy Review, the United States made significant progress on a range of trade and environment matters in multiple fora, including through multilateral, regional and bilateral trade initiatives.

8.2. The USMCA Environment chapter (Chapter 24) includes the most comprehensive set of enforceable environmental obligations of any previous U.S. free trade agreement. These include commitments relating to harmful fisheries subsidies; wildlife trafficking; illegal, unreported, and unregulated (IUU) fishing; the protection of marine species; marine litter; sustainable forest management; air quality; and public participation and environmental cooperation. Full implementation, monitoring, and enforcement of the USMCA Chapter 24 continues to be a key priority. In June 2021, the United States, with its Mexican and Canadian counterparts, organized the inaugural meeting of the trilateral Environment Committee during which the Parties provided updates on respective efforts to implement Chapter 24 commitments, including an in-depth discussion of cooperative law enforcement efforts to stem wildlife trafficking and trade in illegally harvested timber. The meeting also included a public session, which provided public stakeholders the opportunity to raise questions and comments to the Parties. In February 2022, the United States launched consultations with Mexico under the Environment Chapter Article 24.29.2 regarding Mexico's obligations to effectively enforce its fisheries-related laws, regulations, and other measures designed to prevent illegal fishing in the Upper Gulf of California, to prevent trafficking of protected species such as the totoaba fish, and to protect and conserve the critically endangered vaquita porpoise. Through these consultations United States is working closely with the Government of Mexico to strengthen Mexico's fisheries enforcement and ensure effective enforcement of USMCA environment commitments.

8.3. The United States has also continued to prioritize implementation of the FTAs currently in force. In particular, the United States continued to actively monitor and enforce the United States–Peru Trade Promotion Agreement (PTPA) and its landmark Forest Annex. Following a 2018 verification exercise, the United States took action in July 2019, and again in October 2020, to block future timber imports from a Peruvian exporter based on illegally harvested timber found in its supply chain. In addition, the United States and Peru held regular bilateral discussions on the implementation of obligations under the Agreement's Environment Chapter and Forest Annex, including discussions related to the Secretariat for Submissions on Environmental Enforcement Matters (Secretariat) established in Article 18.8 of the Agreement. In September 2021, the United States and Peru undertook a process to select a new Executive Director of the Secretariat. The new Executive Director was selected in December 2021 and will serve a term of two years beginning in early 2022. The United States continued to engage closely with Peru to combat illegal logging and work toward improving forest sector governance. Keeping illegal timber out of the supply

[4] Viewed at: https://ustr.gov/sites/default/files/assets/reports/2022/ntpp/2022-nepal-tpp-report-to-congress-final.pdf.

[5] Viewed at: https://ustr.gov/sites/default/files/files/reports/2022/2022USTRAnnualHaitiHOPEIIReportCongress.pdf.

chain is a high priority as illegal logging damages the global environment and the natural resources we all depend on and is unfair to our workers and businesses.

8.4. On 1 October 2021, the United States and Viet Nam signed an agreement that addresses U.S. concerns in the Viet Nam Timber Section 301 investigation, which was initiated in October 2020. This was the first Section 301 investigation to address environmental concerns. The Agreement secured commitments that will help keep illegally harvested or traded timber out of the supply chain and protect the environment and natural resources. USTR determined that the Agreement provided a satisfactory resolution of the matter subject to investigation and that no trade action was warranted at that time. USTR is monitoring Viet Nam's implementation of the Agreement. Pursuant to the Agreement, bilateral engagement on this issue continues through the Timber Working Group under the United States-Viet Nam Trade and Investment Framework Agreement. The Timber Working Group was established to facilitate coordination between the parties and to oversee the implementation of the Agreement. The first meeting of the Timber Working Group was convened in April 2022.

8.5. Since the last TPR, the United States kept up substantial engagement with other FTA partners. In particular, the United States had senior-level meetings with officials from Central America and the Dominican Republic, Colombia, Israel, Republic of Korea, and Singapore to discuss implementation of, and monitor progress under, the environment chapters of the relevant FTAs, and to engage in discussions about global environmental challenges such as climate change adaptation and mitigation and use of trade tools to address such challenges. These engagements were also opportunities to review, and in some cases, update, the environmental cooperation work programs that help to support implementation of the environment chapters of U.S. FTAs. The United States also engaged with Trade and Investment Framework Agreement partners, notably Ecuador, Laos, Maldives, Malaysia, Sri Lanka, Chinese Taipei, and Uruguay to consult on a wide range of issues related to trade and investment, including trade-related environmental issues such as wildlife trafficking and IUU fishing.

8.6. In APEC, the United States continued to work with other Asia-Pacific economies through the Experts Group on Illegal Logging and Associated Trade to improve the capacity of APEC customs officials to combat illegal logging and associated trade and promote the trade in legally harvested forest products within the APEC region. Within the Oceans and Fisheries Working Group, the United States supported implementation of the Port State Measures Agreement, and worked to identify areas of convergence and best practices to combat IUU fishing, including through APEC's Roadmap on Combating IUU Fishing. In addition, work continued on the U.S.-led Recyclable Materials Policy Program, which aims to develop the capacity of APEC economies to identify and frame domestic policies that promote solid waste management and recycling infrastructure. Through multilateral fora such as APEC and OECD, the United States is promoting circular economy approaches and discussing opportunities to decarbonize economies through trade tools. At the WTO, the United States is collaborating with trading partners to forge new partnerships to promote an environmentally sustainable trade agenda, and is working collaboratively through such initiatives as the WTO Trade and Environmental Sustainability Structured Discussions (TESSD), which the United States formally joined in November 2021. The United States submitted a discussion paper to the CTE and TESSD in May 2022 on the issues of climate change and circular economy.

8.7. The United States is also committed to combating wildlife trafficking and IUU fishing through a variety of means, including through U.S. FTAs, environmental cooperation mechanisms, and other trade-related initiatives. For example, the United States has consistently raised these areas for discussion and collaboration in meetings under the Environment Chapters of our FTAs and included them in recent environmental programs. Multiple U.S. government agencies continue to participate in implementing the Eliminate, Neutralize, and Disrupt (END) Wildlife Trafficking Act of 2016, with the objectives of supporting anti-poaching efforts on a global scale, strengthening the capacity of partner countries to combat wildlife trafficking, and designating major wildlife trafficking countries for further strategic collaboration with the United States.[6] The United States also continues to be an active Party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), including through participation in meetings of the CITES Animals, Plants, and Standing Committees, and the Conference of the Parties.

[6] Eliminate, Neutralize, and Disrupt (END) Wildlife Trafficking Act of 2016. Viewed at: https://www.congress.gov/bill/114th-congress/house-bill/2494/text (signed into law on 9 October 2016).

8.8. IUU fishing continues to be an important U.S. international policy priority in the areas of oceans governance and economic security. The Maritime Security and Fisheries Enforcement (SAFE) Act, which became law in December 2019, supports a "whole-of-government approach across the Federal Government to counter IUU fishing and related threats to maritime security" through a number of means including, *inter alia*: improving data sharing that enhances surveillance; advancing effective enforcement and prosecution against IUU fishing; increasing and improving global transparency and traceability across the seafood supply chain; responding to poor working conditions and labor abuses in the fishing industry; and preventing the use of IUU fishing as a financing source for transnational organized groups. To further interagency collaboration in this area, Part II of the Maritime SAFE Act called for the establishment of the Interagency Working Group on IUU Fishing. The Working Group, which is comprised of 21 federal agencies, aims to employ a coordinated, cohesive, and regionally-appropriate approach to combating IUU fishing and related threats to maritime security in "priority regions" and "priority flag states". On 27 June 2022, President Biden signed a National Security Memorandum (NSM) to address IUU fishing and related harmful practices. The NSM will increase coordination with diverse stakeholders – public and private, foreign and domestic. The United States will use the full range of existing conservation, labor, trade, economic, diplomatic, law enforcement, and national security authorities to address these challenges.

9 SMALL AND MEDIUM-SIZED BUSINESS TRADE

9.1. USTR has implemented a Small and Medium-Sized Business Initiative to increase export opportunities for U.S. small and medium-sized businesses (SMEs) and has expanded efforts to address the specific export challenges and priorities of SMEs and their workers in U.S. trade policy and enforcement activities. During the period under review, USTR continued to engage with its interagency partners and with trading partners to develop and implement new and ongoing initiatives that support small business exports.

9.2. U.S. small businesses are key engines for U.S. economic growth, jobs, and innovation. USTR focused on making trade work for the benefit of U.S. SMEs, helping them take advantage of new markets abroad, access and participate in global supply chains, and support jobs at home.

9.3. USTR worked closely with the U.S. Small Business Administration (SBA), the U.S. Department of Agriculture, the U.S. Department of Commerce (Commerce), and other agencies that help provide U.S. SMEs with information, assistance, and counselling on specific export opportunities.

9.4. Tariff barriers, burdensome customs procedures, discriminatory or arbitrary standards, lack of transparency relating to relevant regulations, restrictions on digital trade, and insufficient intellectual property rights protection in foreign markets present particular challenges for U.S. SMEs exporting abroad. Under the SME Initiative, USTR's small business office, regional offices, and functional offices pursued initiatives and advanced efforts to address these issues. U.S. trade agreements, as well as other trade dialogues and fora, provided a critical opportunity to address specific concerns of U.S. SMEs and facilitate their participation in export markets. Since the last TPR, the United States has worked to increase opportunities for SME exports.

9.5. For the first time in a U.S. trade agreement, the United States included a dedicated chapter on SMEs in the United States–Mexico–Canada Agreement (USMCA), in recognition of the fundamental role of SMEs as engines of the North American economy. The USMCA also contains key provisions supporting SMEs throughout the Agreement. The SME chapter promotes ongoing cooperation among the Parties to increase SME trade and investment opportunities. It establishes information-sharing tools that help SMEs better understand the benefits of the Agreement and provides other information useful for SMEs doing business in the region. The chapter also established a committee on SME issues comprised of government officials from each country. The committee cooperated on webinars for small businesses and small business counselors, including fostering on underserved communities, in 2021 and 2022. Furthermore, the chapter launched a new framework for an ongoing SME Dialogue, which is open to participation by SMEs, including those owned by diverse and underrepresented groups. The Dialogue will enable participants to provide views and information to government officials on the implementation of the Agreement to help ensure that SMEs continue to benefit. The first USMCA SME Dialogue was convened in San Antonio, Texas in April 2022.

9.6. SMEs also benefit from other obligations throughout the USMCA, including: (1) cutting costs and red tape for customs and border procedures, (2) supporting Internet enabled small businesses and electronic commerce exports; (3) protecting the intellectual property of innovators; (4) supporting cross-border trade in services for small business; and, (5) supporting small businesses through good regulatory practices to promote transparency and accountability when developing and implementing regulations.

9.7. The United States–European Union (EU) Trade and Technology Council, launched in 2021, includes a Commerce Department-led Working Group on Promoting SME Access to and Use of Digital Tools. It has hosted a series of online webinars for European and U.S. SMEs throughout 2022. The United States and the EU also continued their exchanges on SME objectives and planning for the 11th U.S.– EU SME Workshop in September 2022, to be hosted by the EU in Germany.

9.8. The United States and the United Kingdom (UK) continued their exchanges on SME objectives and planning and held the 5th U.S.–UK SME Dialogue in June 2022 in Boston, Massachusetts, with the U.S. Export Assistance Center in New England, the Massachusetts Small Business Development Center Network, and the UK Embassy.

9.9. In the Asia-Pacific Economic Cooperation (APEC) forum, APEC economies continued to advance initiatives to facilitate SME access to global markets, including by enhancing policy makers' understanding of the role of data flows in building a more inclusive digital economy. The United States, through the APEC Alliance for Supply Chain Connectivity and other mechanisms, continued capacity building activities closely linked to the World Trade Organization (WTO) Trade Facilitation Agreement. These activities included assistance for economies to further simplify customs procedures and document requirements and to foster border agency cooperation, which will benefit SMEs that often lack the resources necessary to navigate overly complex requirements to deliver their goods to overseas markets in the region. Economies also continued to update the APEC Trade Repository to help SMEs seeking information on tariff rates, customs procedures, and other information for doing business in the APEC region.

9.10. USTR worked with USAID, Commerce, SBA, and the Association of Southeast Asian Nations (ASEAN) on the development of topics and participants for a United States–ASEAN SME Best Practices Exchange held in March 2022.

9.11. In the WTO context, USTR pursued work with other Members on issues of interest to SME stakeholders, such as electronic commerce, transparency of regulatory processes, and implementation of trade facilitation measures.