

PRE-DECISIONAL AND DELIBERATIVE – NOT FOR DISTRIBUTION
OUTSIDE THE USG OR THE INDUSTRY ADVISORY COMMITTEE ON
STANDARDS (IFAC 2)

March 9, 2004

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Zoellick:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Industry Functional Advisory Committee on Standards (IFAC 2) on the U.S.- Central American Free Trade Agreement reflecting a consensus opinion on the proposed Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Bhatia". The signature is fluid and cursive, with a large initial "S" and a stylized "Bhatia".

S. Joe Bhatia
Chairman
IFAC 2

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The U.S.-Central American Free Trade Agreement (CAFTA)

**Report of the
Industry Functional Advisory Committee on Standards (IFAC 2)**

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**Industry Functional Advisory Committee on Standards (IFAC 2)
Advisory Committee Report to the President, the Congress and the United States Trade
Representative on the U.S. Central American Free Trade Agreement (CAFTA)**

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135 (e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the IFAC 2 hereby submits the following report.

II. Executive Summary of Committee Report

The issues advanced by the IFAC 2 at the beginning of the negotiations have been adequately addressed. We are pleased with the work of the United States Government on this FTA.

III. Brief Description of the Mandate of IFAC 2

The Committee shall perform such functions and duties and prepare reports, as required by Section 135 of the Trade Act of 1974, as amended, with respect to the sector and functional advisory committees.

The Committee advises the Secretary and the USTR concerning the trade matters referred to in Sections 101, 102, and 124 of the Trade Act of 1974, as amended; with respect to the operation of any trade agreement once entered into; and with respect to other matters arising in connection with the development, implementation, and administration of the trade policy of the United States including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order 12188, and the priorities for actions thereunder.

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In particular, the Committee provides detailed policy and technical advice, information, and recommendations to the Secretary and the USTR regarding trade barriers and implementation of trade agreements negotiated under Sections 101 or 102 of the Trade Act of 1974, as amended, and Sections 1102 and 1103 of the 1988 Trade Act, which affect the products of its sector; and performs such other advisory functions relevant to U.S. trade policy as may be requested by the Secretary and the USTR or their designees.

IV. Negotiating Objectives and Priorities of IFAC 2

On March 9, 2004, the IFAC 2 discussed its negotiating objectives and priorities for the U.S. – Central American Free Trade Agreement and indicated their support for FTA provisions that built upon WTO disciplines in the following areas:

1. The IFAC 2 supported U.S. negotiations, which would reinforce transparency obligations by specifically requiring agencies to disclose and/or publish their response to the comments received on proposed technical regulations with the final rule.
2. IFAC 2 supported U.S. negotiations, which would seek a national treatment in a binding sense. The IFAC was opposed to having any transition period as given to Mexico under NAFTA. (Currently expressed as a weak obligation in TBT Article 6.4, and as a binding obligation in NAFTA Article 908.2.) The IFAC 2 also supported U.S. negotiations, which would acknowledge alternative approaches to conformity assessment.
3. IFAC 2 supported U.S. negotiations, which would seek an opportunity for direct participation on a non-discriminatory basis in the development of Standards-Related Measures (not covered by WTO rules; cf NAFTA 909.7).
4. IFAC 2 supported U.S. negotiations, which would seek to establish informal mechanism for rapid resolution of disputes.

In expressing its opinion on the U.S. – Chile Free Trade Agreement, IFAC 2 recommended that the five-year implementation period for transparency obligations be minimized or eliminated in future agreements.

V. IFAC 2 Opinion on the U.S.-Central American Free Trade Agreement (CAFTA)

The IFAC 2 has deliberated over the final text of the U. S. – Central American Free Trade Agreement, and the committee has limited its comments to the sections that specifically address Technical Barriers to Trade. The issues advanced by the IFAC 2 at the beginning of the negotiations have been adequately addressed. We affirm that the agreement effectively promotes the economic interests of the United States and achieves the overall and principal negotiation objectives set forth in Section 2102 of the Bipartisan Trade Promotion Authority Act

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of 2002. Likewise, we verify that the agreement adequately provides for equity and reciprocity as regards standards and technical trade barriers. We recommended that the five-year implementation period for transparency obligations included in the U.S.-Chile FTA, be minimized or eliminated in future agreements. Our position remains the same as with respect to the CAFTA. In sum, we are pleased with the work of the United States Government on this FTA.

VI. Membership of IFAC 2

S. Joe Bhatia, Underwriters Laboratories
Wayne Morris, Association of Home Appliance Manufacturers
Steven Butcher, Rubber Manufacturers Association
Joan Cassedy, American Council of Independent Laboratories
Robert Daniels, Tile Council of America
Darrin Drollinger, Association of Equipment Manufacturers
Robert Glowinski, American Forest and Paper Association
Mark Hurwitz, American National Standards Institute
June Ling, ASME International
David Miller, American Petroleum Institute
Robert Noth, Deere and Company
Herbert Phillips, Air Conditioning and Refrigeration Institute
William Primosch, National Association of Manufacturers
Chuck Ramani, International Accreditation Service, Inc.
Ronald Reimer, Rockwell Automation
James Thomas, American Society of Testing and Materials
Peter Unger, American Association for Laboratory Accreditation