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INTRODUCTION

This document represents the annual performance plan and the annual performance report for the Office of the United States Trade Representative (USTR). It has been developed to carry out USTR's obligations under the Government Performance and Results Act (GPRA) and to help the agency coordinate its performance goals for fiscal year 2003. This plan is the product of a senior-level employee committee, comprised of career Assistant U.S. Trade Representatives and other senior agency officials. While no contribution was made to the preparation of this plan by non-Federal parties, the plan takes into account advice received from our statutorily mandated private sector advisory committees on programs, policy development, and initiatives, and advice received from other official mechanisms such as public Federal Register notices.

In designing this annual performance plan and the annual performance report, USTR has benefitted from a series of reviews by the Office of Management and Budget (OMB). We recognize that many of USTR's annual goals are related to a process of interagency, Congressional, and private sector (see page 2 for definition) coordination. To measure accomplishments in these process issues, USTR set baselines in FY 1999. In FY 2000, FY 2001 and FY 2002, these baselines were evaluated causing us to revise and refine some performance indicators. In the case of negotiation and dispute resolution, we face another set of hurdles. We cannot define with total certainty the universe of trade disputes and opportunities that will engage the United States one year from now; nor can we predict with total certainty that a negotiation will conclude in a particular fiscal year. To mitigate these uncertainties, we have chosen to list the most critical goals that we have before us in FY 2003. The means to be used to verify and validate collected and reported data on FY 2003 performance goals are shown with each goal.

USTR gratefully acknowledges the invaluable contribution to the Annual Performance Plan and the Annual Performance Report of Tarik Gause (Office of Policy Coordination) and Gloria Blue (Executive Secretary of the Trade Policy Staff Committee (TPSC)).

MISSION STATEMENT

Our mission is dictated by statute and legislative history. Under these mandates, the Office of the U.S. Trade Representative:

- consults with Congress to develop trade policy and negotiate trade agreements;
- develops and coordinates trade policy on an interagency basis;
- consults closely with the private sector,¹ and the public on trade and trade policy;
- negotiates, monitors, and enforces trade and investment agreements globally, within the WTO, in regional negotiations and in bilateral initiatives; and
- administers U.S. trade laws.

¹ This and all subsequent references to the “private sector” shall be taken to include business, labor, environmental, consumer, and other non-governmental organizations. The term “private sector” shall also include state and local associations, sub-federal governments, official state points of contact, and the Advisory Committee System.

USTR'S MANDATE AND INITIATIVES

Organizational Structure:

The Office of the U.S. Trade Representative is part of the Executive Office of the President. The U.S. Trade Representative holds Cabinet rank. From its inception, USTR has been small, flexible, mission-focused, industrious, and cost-effective. With a proposed Fiscal Year (FY) 2003 budget of \$32.3 million and 209 Full Time Equivalent (FTE) staff members, the agency operates from a headquarters office in Washington, D.C., and a field office in Geneva, Switzerland.

USTR is a matrix organization, organized on the basis of geographic and sectoral lines that intersect in the formation and coordination of policy, the negotiation of trade agreements, and the enforcement of those agreements. The USTR, his three deputies, and the senior leadership work through 25 small offices, averaging about eight employees each. Staff support functions, including the General Counsel, the Chief Economist, and the Office of Policy Coordination, play important roles in all stages of USTR's work. USTR depends on the direct and indirect support of other agencies and the private sector to carry out its responsibilities.

USTR professional employees are trade policy experts, and they are empowered to negotiate with officials of other nations, work closely with the private sector, and provide leadership and direction to other federal personnel in trade-related agencies. This is done by coordinating the formulation and execution of trade policy through the interagency Trade Policy Staff Committee (TPSC) process, which involves staff from over 19 other federal agencies and departments.

About 70 percent of USTR's annual budget pays for employee salaries and benefits, with the balance spent on fixed operating expenses such as buildings, rent, employee travel to negotiating sites, and maintenance of computer systems.

Major Management Challenges:

USTR does not administer high-risk programs that are vulnerable to waste, fraud, and/or mismanagement. USTR's annual budget does not include grant-in-aid programs, loans, or funding for major information technology or procurement.

USTR's activities and operations are periodically reviewed by outside evaluators, such as the General Accounting Office. USTR takes these assessments seriously and incorporates suggestions wherever appropriate. USTR's key functions are cross-cutting in nature, requiring coordination with, and support by, other agencies and the private sector. Such cross-cutting functions pose unique challenges to assure timely, effective and efficient service to the American public.

USTR's Initiatives:

USTR has identified four main initiative areas that most effectively utilize and integrate its unique human capital resources, and divide and allocate these resources to achieve its mission.

These areas are as follows:

- 1. Trade Policy Development Initiative** – USTR will take steps to improve how we formulate the trade policy of the United States to advance the national economic interest and reflect the views of the Executive Branch, the Congress, the private sector, and the public.
- 2. Negotiation Initiative** – USTR will take steps to improve how we negotiate trade and investment agreements to advance the national economic interest by addressing policies that dismantle foreign trade barriers.
- 3. Monitoring and Enforcement Initiative** – USTR will take steps to improve how we monitor, enforce, and, where necessary, modify these agreements to ensure that the intended benefits are achieved.
- 4. Communications and Management Initiative** – USTR will take steps to improve and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the general public. USTR will recruit and develop a workforce that reflects the rich diversity of the American people and that possesses the skills needed for effective job performance.

MAJOR INITIATIVES, GENERAL GOALS, AND RELATED OBJECTIVES

I. Trade Policy Development Initiative

Goal 1: Develop trade and investment policies that advance U.S. economic interests and meet the goals of the Executive Branch, the Congress, the private sector (as defined in the Mission Statement), and the public.

Objective 1: Formulate trade policy that reflects sound economic analysis, statutory obligations, and interagency consensus.

Objective 2: Engage Congress, the private sector, and the public in the development of trade and investment initiatives and responses to foreign trade actions.

II. Negotiation Initiative

Goal 2: Advance the national economic interest by negotiating agreements to lower trade barriers and remove trade-distorting measures.

Objective 3: Negotiate trade and investment agreements that open foreign markets to goods and services of U.S. workers, agricultural producers, and other commercial interests; provide trade policy expertise in the negotiation of other agreements with trade implications.

Sub-Objective 1: Conduct global negotiations.

Sub-Objective 2: Conduct regional and bilateral negotiations.

III. Monitoring and Enforcement Initiative

Goal 3: Monitor, enforce, and, where necessary, modify trade and investment agreements to ensure that the intended benefits are achieved.

Objective 4: Monitor, enforce, and defend U.S. trade and investment rights and obligations to ensure compliance with the terms of existing agreements. Administer trade laws to bolster international compliance with U.S. trade agreement rights and obligations and address trade-related problems that are outside the scope of existing trade agreements.

IV. Communications and Management Initiative

Goal 4: Open and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the public.

Objective 5: Promote awareness within the private sector and the public of the contribution of trade and investment to the nation's economic well-being.

Goal 5: Maintain a competent and diverse workforce and provide a work environment that motivates, protects, and supports USTR employees.

Objective 6: Recruit and develop a diverse workforce that possesses the skills necessary for effective job performance.

Objective 7: Improve safety and security at USTR in both Geneva and Washington.

Objective 8: Install and maintain office automation tools to help employees work efficiently.

TRADE POLICY DEVELOPMENT INITIATIVE

By statute, USTR is the principal advisor to the President on trade policy and the principal coordinator of trade policy development within the Executive Branch. Under the Trade Expansion Act of 1962, the President established an interagency trade policy mechanism to assist with the implementation of these responsibilities. This organization, as it has evolved, consists of three tiers of committees: the Trade Policy Staff Committee (TPSC), the Trade Policy Review Group (TPRG), and the National Security Council/National Economic Council (NSC/NEC).

The formulation of trade policy requires extensive consultation with other Executive Branch agencies (see Appendix II), the Congress (Appendix III), the Advisory Committee System (Appendix IV), the public, and our trading partners.

The Advisory Committee System, established by Congress under the Trade Act of 1974, as amended, was created to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. The trade policy advisory committee system currently consists of 33 advisory committees. The system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); six policy advisory committees; and 26 technical, sectoral, and functional advisory committees. The President directly appoints up to 45 ACTPN members for two-year renewable terms to provide overall policy advice on trade matters. The ACTPN is administered by USTR. The six policy advisory committees are managed by USTR alone, or in conjunction with the Departments of Agriculture, Labor, Defense or the Environmental Protection Agency. The 26 sectoral, functional, and technical advisory committees are organized in two areas: industry and agriculture, and are managed jointly by USTR and the Departments of Commerce or Agriculture, respectively.

GOAL 1: Develop trade and investment policies that advance U.S. economic interests and meet the goals of the Executive Branch, the Congress, the private sector (as defined in the Mission Statement), and the public.

This goal covers all aspects of trade policy development from the identification of trade and investment barriers through the establishment of negotiating objectives. This goal is effectively advanced through a variety of approaches, including the development of additional economic analysis, close coordination with agencies representing economic, foreign policy, and civil society concerns, and effective discussion of negotiating and dispute settlement objectives with the Congress, private sector advisors, and the public. This goal is broken down into two objectives.

OBJECTIVE 1: Formulate trade policy that reflects sound economic analysis, statutory obligations, and interagency consultations.

Annual Performance Goal: Continue to press a full agenda of trade openness through global, regional, and bilateral negotiations. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Implementation of the agenda will be documented in the Annual Report released on March 1, 2003.

Annual Performance Goal: Globally, continue to pursue an activist agenda in the WTO. Pursue progress, particularly in key areas such as agriculture, in the 3-year global negotiations and work program launched at Doha which will be at a decisive stage at the Fifth Ministerial in 2003. Aggressively pursue U.S. rights in existing WTO Agreements (e.g., implementation of China accession) and use the opportunities of the accession negotiations (e.g., Russia, Vietnam) to represent U.S. interests. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

Annual Performance Goal: Regionally, continue to take steps toward completion of the Free Trade Area of the Americas (FTAA), with focus on the goal of finalizing an agreement by 2005. This includes producing a third draft of the FTAA agreement for review at the 2003 Ministerial. Also, continue to work with ASEAN to strengthen regional integration. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

Annual Performance Goal: Bilaterally, initiate and complete discussions regarding free trade agreements around the world. Implement Chile and Singapore FTAs when completed. Continue to explore talks with Central America, the South African Customs Union and other nations. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Implementation of the agenda will be documented in the Annual Report released on March 1, 2003. The completion of the Chile and Singapore negotiations will be available on the USTR website as well as the results of talks with Central America, the South African Customs Union, and other nations.

Annual Performance Goal: Contribute to U.S. interagency efforts to provide increased capacity building for developing countries. Further efforts to provide technical expertise for countries to integrate into the global trading system. This includes targeting U.S. bilateral assistance, coordinating with the international financial institutions, and working with the WTO. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

Annual Performance Goal: Promote the implementation of science-based trade rules and disciplines globally, regionally and bilaterally, including issues related to biotechnology. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

Annual Performance Goal: Implement monitoring of multilateral steel capacity reductions indicated during OECD High-Level Steel talks; identify additional disciplines needed on subsidies and other market-distorting practices for negotiation, as appropriate, in the WTO Doha Development Agenda; and implement the President's Section 201 safeguard action. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

Annual Performance Goal: Provide appropriate support for counter-terrorism efforts. (New for FY 2003)

Performance Indicators: These goals are self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

A classified set of meeting notes on implementation of initiatives will be kept.

Annual Performance Goal: Foster a robust advisory committee system: appointing and consulting with a well-rounded group of advisors representing views of industry, environment, and labor. (New for FY 2003)

Performance Indicators: These goals are self-defined.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

A log of materials sent and received will be kept.

Annual Performance Goal: Implement the November 16, 1999, Executive Order (E.O.) 1314 on environmental reviews of trade agreements.

Performance Indicators: Whether reviews are done for agreements where mandated by the Executive Order; whether appropriate review documents (draft or final) are made available to the public in a timely manner.

Performance Verification:

FY 1999 & 2000	FY 2001	FY 2002	FY 2003
Not applicable.	<p>Final implementing guidelines were published in December 2000, following a process of public comment and a public hearing on draft guidelines.</p> <p>Environmental reviews were initiated for the following agreements for which a review is mandated by the Executive Order: Jordan FTA; Singapore FTA; Chile FTA; Free Trade Area of the Americas.</p> <p>A draft environmental review on the Jordan Free Trade Agreement was released for public comment in September 2000 and was completed in FY 2001.</p>	<p>Work will begin on the environmental review of the new WTO negotiations, and continue on the environmental review of the FTAA. To be completed are the environmental reviews of the Singapore and Chile FTAs, depending on the pace of the negotiations. Environmental reviews of other relevant negotiations will be conducted consistent with the agreements' negotiating timetables. Review documents will be made available through the Federal Register and posted on USTR's website.</p>	<p>Work will continue on the environmental reviews of the WTO negotiations, and the FTAA, and environmental reviews of other relevant negotiations will be conducted consistent with the agreements' negotiating timetables. Review documents will be made available through the Federal Register and posted on USTR's website.</p>

Annual Performance Goal: Establish clear priorities for U.S. trade policy with specific steps to be accomplished, by March 1st of each fiscal year.

Performance Indicators: Successful performance under this goal will be defined as the establishment of priorities by March 1st of the fiscal year.

Performance Verification:

FY 1999, 2000 & 2001

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2000 were established by March 1, 1999, 2000, and 2001. These goals are available on USTR's website and were published in the President's *Trade Policy Agenda*.

FY 2002

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2002 were established by March 1, 2002. These goals are available on USTR's website and will be published in the President's *Trade Policy Agenda*.

FY 2003

Clear priorities for U.S. trade policy with specific steps and goals to be accomplished in FY 2003 will be established by March 1, 2003. These goals will be available on USTR's website and will be published in the President's *Trade Policy Agenda*.

Annual Performance Goal:

Legislative Agenda

- If not enacted in FY 2002, obtain Congressional approval of the following initiatives:
 - the Chile Free Trade Area;
 - the Singapore Free Trade Area;
 - the Southeast Europe Trade Preference Act (SETPA);
 - a trade agreement to provide Normal Trade Relations status to Laos; and
 - reauthorization of the Generalized System of Preferences Act (if not extended through FY04). **(New for FY 2003)**

Performance Indicators: These goals are self-defined.

Performance Verification:

FY 2000, 2001 & 2002

Not applicable.

FY 2003

Successful performance under this goal will be defined as passage of legislation.

NEGOTIATION INITIATIVE

The long term objectives and strategies for negotiating trade agreements were established in cooperation with Congress in successive legislative acts. Reorganization Plan No. 3 of 1979 and Section 1601 of the Omnibus Trade and Competitiveness Act of 1988 mandate that USTR will have the lead responsibility for the conduct of, and be the chief U.S. representative for, international trade negotiations, including commodity and direct investment negotiations. By agreement, USTR and the Department of State co-chair the Bilateral Investment Treaty negotiations.

USTR negotiates bilaterally or in regional fora with over 150 countries. The results of these negotiations, together with those in other international organizations and informal groups, must be consistent with U.S. trade policy objectives and WTO obligations.

Increasingly, USTR negotiators and their teams address a breadth of issues where trade policy and its implementation intersect with U.S. regulatory practices. This is one of USTR's fastest growing areas of work, demanding new subject matter and legal expertise. The new areas include: services regulatory issues, health, biotechnology, food safety, environment, labor, natural resources, anti-trust, and e-commerce. In many of these areas, multilateral agreements become the mechanism by which governments negotiate trade facilitating measures which are then implemented by governments worldwide, often in advance of domestic regulations.

In addition, USTR is increasingly asked to develop input for the negotiation or implementation of agreements with primarily non-trade objectives, including multilateral environmental agreements in which trade policy issues arise. The multilateral environmental agreements and negotiations in which USTR participates are listed in Appendix X.

GOAL 2: Advance the national economic interest by negotiating agreements to lower trade barriers and remove trade-distorting measures.

OBJECTIVE 3: Negotiate trade and investment agreements that open foreign markets to goods and services of U.S. workers, agricultural producers, and other commercial interests; provide trade policy expertise in the negotiation of other agreements with trade implications.

WORLD TRADE ORGANIZATION AND OTHER MULTILATERAL INITIATIVES

Annual Performance Goal: Secure progress in meeting the negotiating mandates and work programs agreed at the WTO's 4th Ministerial Conference (MNC). In particular, the market access related issues of agriculture, services and non-agricultural market access. Ensure that the negotiations adhere to the 3-year timeframe established at Doha. **(New for FY 2003)**

Performance Indicator: The goal is self defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002	FY 2003
Not applicable	It is difficult to predict with accuracy whether or not we will move ahead in a timely fashion with WTO negotiating mandates. We will report fully on the WTO's progress in the areas of agriculture, services and non-agricultural market access.

Annual Performance Goal: Strengthen the operation of the WTO through its regular program of work, including recording significant progress in the accessions of new Members; improving the operation of the WTO and its outreach to the public; and enhancing the participation of developing countries in the negotiations through an activist program of coordinated technical assistance and capacity building.

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002	FY 2003
Not applicable.	It is difficult to predict with accuracy whether or not implementation/ negotiation will be completed in any one year. We will report fully on the WTO's progress on institutional reform in the USTR Annual Report.

Annual Performance Goal: Prepare for the WTO's 5th MNC which will convene in the latter part of FY2003, including decisions that will be required at ministerial level ranging from the market access related issues to the inclusion of new negotiating items on the agenda (e.g., investment and competition). **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable.

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on the WTO's progress in the USTR Annual Report.

Annual Performance Goal: Assure that worker rights are adequately included in U.S. trade policy while precluding the use of labor conditionality as a protectionist measure. Work to verify Cambodian compliance with the labor provisions in the U.S.-Cambodia textile agreement. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable.

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on progress in the USTR Annual Report.

Annual Performance Goal: Implement the Agreement on Textiles and Clothing (ATC) as scheduled. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable.

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will report fully on progress in the USTR Annual Report.

Annual Performance Goal: Consistent with the Administration's approach, expand market opportunities and, where appropriate, develop new disciplines for the treatment of foreign investment; develop new initiatives in intellectual property protection; implement electronic commerce (digital) and telecommunications trade policy. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000, 2001, & 2002

Not applicable.

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

THE AMERICAS

Annual Performance Goal: Conclude FTAA negotiations as soon as possible, but no later than January, 2005, creating a comprehensive free trade area agreement among the democratically-elected governments of the Western Hemisphere. Work with 34 Western Hemisphere countries to jointly: a) move forward on market access negotiations in merchandise trade, services, government procurement and investment, which will have begun no later than May 15, 2002; and, b) reduce differences in the draft FTAA texts to the maximum extent possible in order to produce a third draft of the FTAA Agreement for review by Ministers at their 2003 meeting. Assume co-chairmanship with Brazil of final phase of the negotiations, including: (a) co-chairing a minimum of four Trade Negotiations Committee (TNC) meetings held in different countries of the Western Hemisphere; (b) co-chairing a minimum of three TNC subcommittee meetings in different countries and another three meetings in Mexico; (c) vice-chairing a minimum of five institutional issues committee meetings in Mexico; (d) hosting of a Ministerial meeting in either 2003 or 2004; and (e) preparations for Ministerial meetings in 2003 and 2004. **(New for FY 2003)**

Performance Indicators:

The FTAA talks will enter the more detailed market access phase of the negotiations in most negotiating groups. U.S. co-chairmanship of the overall process will also include co-chairmanship of the administrative committee and co-vice-chairmanship of the institutional issues committee.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable

Status of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal : Assure that our obligations with respect to the North American Free Trade Agreement (NAFTA) are implemented in full and as scheduled. Consider accelerated or broader implementation where feasible. The NAFTA provides for an implementation transition period lasting through January 1, 2008, with nearly all obligations for eliminating tariffs, quotas, and other trade restrictions fully implemented by January 1, 2003. **(New for FY 2003)**

Performance Indicators:

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:
FY 1999, 2000, & 2001**

Not applicable

FY 2002

Information on NAFTA's implementation record was published in the President's Annual Report on March 1, 2002.

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Implement the provisions of the Caribbean Basin Trade Preferences Act and the Andean Trade Preferences Act, if renewed, and promote effective compliance with the eligibility criteria of these programs. **(New for FY 2003)**

Performance Indicators:

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:
FY 1999, 2000, 2001, & 2002**

Not applicable

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Implement the United States-Chile Free Trade Agreement, if approved by Congress, beginning in FY 2003 with additional transition periods for elimination of tariffs, quotas, and other trade restrictions. USTR will assure these obligations are implemented in full and as scheduled, and will consider accelerated or broader implementation where feasible. **(New for FY 2003)**

Performance Indicators:

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

**Performance Verification:
FY 1999, 2000, 2001, & 2002**

Not applicable

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Explore possible initiation of a free trade agreement with Central America. Use enhanced dialogue with Mercosur to pursue our common interest in greater trade liberalization globally, regionally, and bilaterally. **(New for 2003)**

Performance Indicators:

Discussions are likely to include several technical groups such as those that advanced Chile's readiness for the initiation of negotiations for a bilateral FTA.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

EUROPE AND THE MEDITERRANEAN

Annual Performance Goal: Negotiate and conclude agreements with the EU and other countries in Europe that enhance regulatory cooperation and facilitate trade. Negotiate and conclude by 2003 specific arrangements for cooperation between regulators based on voluntary U.S.-EU Guidelines for Regulatory Cooperation and Transparency. Expand the arrangements for regulatory cooperation on road safety equipment. By 2003, agree on mutual recognition in select areas with members of the European Free Trade Area. **(New for FY 2003)**

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

Not applicable.

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: In the short term, implement agreements previously reached with Poland and Hungary to address issues related to the tariff disadvantages that U.S. products face in those markets vis-a-vis EU products. In the mid-term, reach tariff agreements addressing similar topics with additional EU candidate countries (e.g., Romania, Czech Republic, Slovakia). **(New for FY 2003)**

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

Not applicable.

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Continue progress towards Russia's WTO Accession/Implementation. (New for FY 2003)

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Negotiate and conclude agreements with countries in the Middle East and North Africa that expand trade and investment opportunities for U.S. companies. (New for FY 2003)

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

AFRICA

Annual Performance Goal: Further implement the African Growth and Opportunity Act, Title I of the Trade and Development Act of 2000.

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000 & 2001

Not Applicable.

FY 2002

Designation of countries for apparel benefits were announced by Federal Register Notice. The first annual report on U.S. trade and investment policy toward sub-Saharan Africa and AGOA implementation was transmitted to Congress in May 2001. The U.S. sub-Saharan Africa Trade and Economic Cooperation Forum took place in October 2001. An annual review of country eligibility was completed in December 2001. We consulted with sub-Saharan African countries on AGOA implementation and provided technical assistance seminars.

FY 2003

GOA requires an annual review of countries to determine that AGOA beneficiaries continue to meet AGOA's eligibility criteria and to determine if circumstances have changed in ineligible countries to warrant their designation as an AGOA-eligible country. The review will be completed in 2002. The second annual report to Congress on AGOA implementation and trade policy toward sub-Saharan Africa is due May 2002. The second annual U.S.-sub-Saharan Africa Trade and Economic Cooperation Council will also take place in 2002. Designation of countries for apparel benefits will be announced by Federal Register notice.

We will work cooperatively with African countries to broaden and strengthen our trade capacity-building initiatives, including developing strong linkages with the World Bank, universities, and other institutions.

Annual Performance Goal: Continue to explore the possibility of an FTA with the Southern African Customs Union (SACU). **(New for FY 2003)**

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

ASIA-PACIFIC/APEC

Annual Performance Goal: Move APEC economies concretely toward implementing goals of free and open trade and investment in the Asia-Pacific region, and achieve Congressional approval needed to implement agreements reached.

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000 & 2001

Not applicable.

FY 2002 & 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Negotiate and conclude agreements to more fully open markets in Asia-Pacific, including sectoral agreements and a free trade agreement with Singapore. Provide a foundation for discussion of a possible free trade agreement with Australia. Continue the implementation of the U.S.-Vietnam Bilateral Trade Agreement. **(New for FY2003)**

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

Not applicable

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Implement the United States-Singapore Free Trade Agreement, if approved by Congress, beginning in FY 2003 with additional transition periods for elimination of tariffs, quotas, and other trade restrictions. USTR will assure these obligations are implemented in full and as scheduled, and will consider accelerated or broader implementation where feasible. **(New for FY 2003)**

Performance Indicators:

It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

CHINA AND TAIWAN

Annual Performance Goal: Resolve issues related to Taiwan's market access treatment for rice. Continue efforts to improve Taiwan's IPR enforcement regime.

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

Not applicable.

FY 2003

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2002 annual performance report.

JAPAN

Annual Performance Goal : Address market access issues in order to more fully open Japan's markets for goods, services and agricultural products, and press for Japan's implementation of bilateral and multilateral trade agreement obligations. **(New for FY 2003)**

Performance Indicators: It is difficult to predict with accuracy whether or not this implementation/ negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal : Under the recently-announced U.S.-Japan Economic Partnership for Growth: (1) lead the *Regulatory Reform and Competition Policy Initiative* to complement Japan's economic reforms and expand ongoing bilateral efforts to deregulate, bolster competition and open markets; (2) lead the *Trade Forum* to engage on a broad range of sectoral trade issues and facilitate resolution of existing and emerging problems; (3) work with other agencies to ensure that the new *Private Sector/Government Commission* contributes positively to fulfilling our bilateral economic agenda; and (4) work with other agencies to make the *U.S.-Japan Subcabinet Economic Dialogue* effective in advancing our goals. **(New for FY 2003).**

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/ negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 1999, 2000, & 2002

FY 2003

Not applicable

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

MONITORING AND ENFORCEMENT INITIATIVE

Since 1984, USTR has negotiated bilateral, regional, and multilateral trade agreements and trade-related declarations (Appendix IX). These agreements, combined with aggressive export promotion and vigorous enforcement of U.S. trade laws, have helped increase U.S. exports of goods and services.

The successful negotiation of these trade agreements has led to a greater emphasis on ensuring compliance by foreign governments with their obligations under these agreements. In January 1996, USTR created a new Monitoring and Enforcement unit, a further extension of efforts to identify barriers to U.S. goods and services in markets abroad and to ensure compliance with international trade agreements. Monitoring and enforcement is also carried out by negotiators in the course of their work with trading partners and by those who attend standing committees in the WTO.

The FY 2001 budget provided additional resources for USTR to strengthen its ability to pursue a two-track strategy of negotiating agreements and ensuring that the terms of those agreements are fulfilled. This initiative created new positions in four areas of expertise: legal, economic, geographic, and sectoral. USTR also substantially increased staff devoted to the litigation of WTO trade disputes in all sectors, especially agriculture, manufacturing, services, and intellectual property protection. Significantly, USTR has increased by 50 percent the professional staff in USTR's China office.

Monitoring. With respect to monitoring activities, USTR has created and maintained a trade agreements archive, and has undertaken initiatives to monitor compliance with bilateral, regional, and specific WTO agreements, including a number of countries' WTO accession commitments. This work has been supported and complemented by the Department of Commerce's Trade Compliance Center.

Enforcement. When, as a result of monitoring, USTR determines that a foreign government is not complying with its trade agreement obligations, an appropriate response by the United States is developed through the Trade Policy Staff Committee process, including strategically applying U.S. trade laws and, where appropriate, invoking dispute settlement provisions under the trade agreement. USTR represents the United States in litigation of all disputes to which the United States is a party in dispute settlement proceedings under the WTO, the NAFTA, and other multilateral and bilateral trade agreements. USTR also applies the provisions of U.S. trade laws to back up international enforcement of U.S. trade agreement rights and obligations and to address problems that are outside the scope of trade agreements. USTR administers several laws designed to ensure that U.S. companies and workers can petition the government to address foreign unfair trade practices that adversely affect U.S. economic interests, and deal with unfair or dramatically increased imports.

GOAL 3: Monitor, enforce, and where necessary, modify trade and investment agreements to ensure that the intended benefits are achieved.

The Monitoring and Enforcement goal covers all aspects of trade agreement implementation, including dispute settlement. For the United States to maintain an effective trade policy and an open international trading system, its citizens must have confidence that trade is fair and works for the good of all people. That means ensuring that other countries live up to their obligations under the trade agreements they sign.

OBJECTIVE 4: Monitor, enforce, and defend U.S. trade and investment rights and obligations to ensure compliance with the terms of existing agreements. Administer trade laws to bolster international

compliance with U.S. trade agreement rights and obligations and address trade-related problems that are outside the scope of existing trade agreements.

Annual Performance Goal: Monitor and review China's implementation of WTO commitments to ensure compliance.

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001

FY 2002 & FY 2003

Not applicable

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Monitor and review Taiwan's implementation of WTO commitments to ensure compliance.

Performance Indicators: It is difficult to predict with accuracy whether or not implementation/negotiation will be completed in any one year. We will indicate in the President's Annual Report on the Trade Agreements Program the number of negotiations and trade problems resolved and the number pending.

Performance Verification:

FY 2000, 2001

FY 2002 & FY 2003

Not applicable

Initiation and completion of negotiations are announced in press releases, notifications to Congress and in the President's Trade Policy Agenda. We will report fully on negotiations in the FY 2003 annual performance report.

Annual Performance Goal: Annually identify new cases to be pursued under WTO and NAFTA dispute settlement procedures and/or under U.S. trade statutes. Continually work to resolve pending dispute settlement proceedings on a basis favorable to the U.S.

Performance Indicator: This goal is self-defined.

Performance Verification:

FY 1999, 2000, & 2001

FY 2002 & FY 2003

Not applicable.

Initiation and resolution of cases is communicated to the public through press releases posted on our website, and through notices in the Federal Register.

Annual Performance Goal: Monitor WTO Members' implementation of commitments to ensure compliance, including those subject to transition periods and waivers.

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 2000 & 2001

Not applicable

FY 2002 & FY 2003

Progress or failure of implementation commitments is communicated to the public through press releases posted on our website and through notices in the Federal Register.

Annual Performance Goal : Annually review implementation of bilateral trade agreements, including through preparation of the National Trade Estimate Report, and identify strategies for resolving implementation problems.

Performance Indicator: The goal is self defined.

Performance Verification:

FY 1999, 2000, & 2001

Not applicable.

FY 2002 & FY 2003

Bilateral trade agreements will be reviewed at least once annually. Significant barriers will be reported in the National Trade Estimate Report published March 31, 2003.

Annual Performance Goal: Monitor, and recommend actions to enforce worker rights and other provisions of GSP and ATPA (once reauthorized), CBTPA, AGOA and other trade agreements. **(New for FY 2003)**

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, 2001, & 2002

Not applicable.

FY 2003

Progress in the various aspects of this goal will be reported in the Annual Report and on the USTR website.

COMMUNICATIONS AND MANAGEMENT INITIATIVE

The USTR is the President's primary advisor and spokesperson on trade and direct investment policy, and is frequently called upon to provide advice to the President, testify before the Congress, and assist state and local governmental and non-governmental interests to achieve their trade and investment goals.

Additionally, an increase in national interest in the U.S. trade agenda has brought an increase in inquiries and requests from the press and public for USTR to provide information about U.S. trade policy. USTR has become increasingly aware of its responsibility to communicate effectively a trade policy that is designed to open markets for American goods and services, create jobs, improve the standard of living for all Americans, and further sustainable development.

Effective communication and effective implementation of the major goals presented in this Performance Plan require a workforce that is competent, motivated, and representative of the rich diversity of the American population. It also requires a supportive work setting for USTR employees, which is safe, secure, and which provides office automation tools needed for the efficient conduct of agency business. USTR's employees are its most valued asset. Throughout the period covered by this Plan, USTR will support its employees through the provision of training, an adequate and secure work environment, and reliable office automation equipment and services.

GOAL 4: Open and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the public.

OBJECTIVE 5: Promote awareness within the private sector and the public of the contribution of trade and investment to the nation's economic well-being.

Annual Performance Goal: Continue to implement effective and sustained outreach on the key issues regarding expanded trade. Continue to consult with key committees and Members of Congress and their staffs, state officials, the advisory committee system and the public on ways to improve this plan.

Performance Indicators: This goal is self-defined.

Performance Verification:

FY 1999, 2000, & 2001

Not applicable.

FY 2002 & FY 2003

In FY 2003, we will consult with the parties outlined above to develop and finalize an education program.

Annual Performance Goal: Improve communication with the media, the public and the private sector by further upgrading the USTR website to include additional "real time" information and use of the web for real time outreach to advisors and the public. Improve communication with the media by expanding use of e-mail alerts, press releases, etc. **(New for FY 2003).**

Performance Indicators: In FY 2003, USTR will augment its capability to post additional real time information on its website.

Performance Verification:

FY 1999, 2000, 2001, & 2002

FY 2003

Not applicable.

USTR will maintain an active website with “real time” postings.

GOAL 5: Maintain a competent and diverse workforce and provide a work environment that motivates, protects, and supports USTR employees.

This internal management goal covers the selection, development, and support of USTR employees. Included under this goal is: recruitment to obtain job candidates who best reflect the diversity of the American public; employee training to develop or sharpen job or language skills needed for effective job performance; security and facility improvements to enhance the quality of the work environment; and installation and maintenance of office automation tools to help employees work efficiently.

OBJECTIVE 6: Recruit and develop a diverse workforce that possesses the skills necessary for effective job performance.

Annual Performance Goal: Increase by 20 percent the number of employees trained over the average number trained in the previous two years.

Performance Indicators: USTR will establish a FY 2001-2002 baseline of training episodes, and develop a training program for FY 2003 that increases the number of training episodes by at least 20% over the baseline.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

The number of employee training episodes in FY 2003 is at least 20% more than the average number from the prior two years.

Annual Performance Goal: Renovate and equip additional office space to accommodate planned staff expansion. (New for 2003)

Performance Indicators: USTR will identify specific space and work environment needs for the new staff, and configure the space in a way that meets employee needs and promotes worker efficiency.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable

Office space is identified, configured and equipped for the new staff.

OBJECTIVE 7: Improve safety and security at USTR in both Geneva and Washington.

Annual Performance Goal: Review the effectiveness of the FY 2002 improvements made in USTR's security programs, and based on that review plan additional improvements, as needed. **(New for 2003)**

Performance Indicators: USTR will identify security enhancements made in FY 2002, including building-related improvements, security awareness briefings, computer security and technological enhancements, and develop measures to evaluate the effectiveness of those changes.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable

Employees feel that the improvements have resulted in better protection and a more secure work environment, and outside reviewers validate the effectiveness of the improvements or recommend further changes.

Annual Performance Goal: Establish an intranet for use by USTR employees, including emergency evacuation information, administrative policies, links to human resource-related web sites, and other notices of interest to employees. **(New for 2003)**

Performance Indicators: USTR will identify information and data bases to which employees want desktop access, and design and build an intranet as a resource tool.

Performance Verification:

FY 2000, 2001, & 2002

FY 2003

Not applicable.

The intranet is established, data is transferred to it, and employees use it.

REQUIRED RESOURCES, PROCESSES AND TECHNOLOGIES

To meet the goals presented in this annual performance plan, USTR will require the resources proposed in USTR's FY 2003 Budget Request, and will need to continue to receive support from other Federal agencies in areas such as economic data and analysis, foreign intelligence, negotiation and enforcement.

Operational Processes:

To achieve the FY 2003 performance goals set forth in this annual plan, USTR must be able to carry out the operational processes described in USTR's Strategic Plan. These include under Initiative 1 of this plan the means to procure, initiate and assess outside research; the capacity to achieve interagency consensus in the development and execution of trade policy; and the means to inform and consult with the Congress, with private sector advisors, and the public. Operational processes under Initiative 2 of the plan include the capacity to negotiate trade agreements through the WTO, APEC, and FTAA and other international fora, and under Initiative 3 they include the capacity to undertake enforcement actions through the WTO, NAFTA and other bodies, and to administer U.S. trade laws. Under Initiative 4, the following steps will be taken: improve and maintain clear lines of communication related to U.S. trade policy and investment goals with the Congress, the private sector, the media, and the general public; recruit and maintain a diverse and skilled workforce; and improve delivery of information technology services, and security programs.

Financial and Human Resources:

In order to accomplish the goals set forth in this plan, USTR would require \$32.3 million and 209 Full-time Equivalent (FTE) employees. These resource levels support the personnel needed to achieve the various policy, negotiation, enforcement, and management-communication goals advanced in this FY 2003 plan. This resource level represents an increase of \$2.2 million and 6 FTEs over the estimated FY 2002 appropriation level.

The \$32.3 million level affects performance in all goal areas. Resources are linked at the level of major initiatives, as described in the "Relationship with the Budget" portion of this Plan.

Technology:

Accomplishment of the annual goals is dependent on office automation and telecommunications technologies that will allow the agency to conduct business efficiently and effectively.

For FY 2003, USTR plans to continue with the phased replacement of its computer network equipment upgrade, and to complete the equipment upgrade project in FY 2003. USTR is also requesting funds to undertake projects aimed at improving the efficiency and security of USTR systems and information technology services.

Other Resources:

Accomplishing the goals of the FY 2003 Performance Plan also requires continued assistance from other Federal agencies. This assistance takes many forms. USTR will require the continued support of professional staff detailed from other Federal agencies on a non-reimbursable basis to perform a range of negotiation, enforcement and economic functions. In addition to personnel detailed to USTR, we will also rely on other Federal agencies to assist in conducting negotiations and enforcement activities, where those agencies share responsibility for these functions. Thus, for USTR to achieve its FY 2003 Initiatives, it will depend on other trade-related Federal agencies continuing to provide ongoing economic analysis, monitoring, enforcement and negotiation support for the President's trade programs and priorities, apart from the interagency coordination process.

RELATIONSHIP WITH THE BUDGET

The goals and initiatives presented in this FY 2003 Performance Plan are directly linked to USTR's budget.

Resources

The total amount of resources needed to implement this Plan is estimated to be \$32.3 million and 209 Full-time Equivalent staff (FTEs). Any reduction from these resource levels would affect achievement of the goals presented in this FY 2003 plan.

Goals

The FY 2003 Performance Plan contains annual goals that are organized under eight "objectives", which are in turn structured under five goals and four initiatives – all consistent with USTR's Strategic Plan for FY 2000 - FY 2005.

Relationship with the President's Budget

The funding reflected in the Performance Plan is also based on the program activities in the Program & Financing (P&F) schedule in the President's budget. USTR has a single P&F schedule, with two program activities: a "Trade Coordination & Negotiation" line that captures all central office functions, and a "Geneva Trade Negotiations" line that covers activities of USTR's field location in Geneva, Switzerland. (The President's FY 2003 budget proposes the consolidation of 12 Executive Office of the President "salaries and expenses" budgets into a single appropriation. As a result of this proposal, USTR's P&F schedule has been folded into the single Executive Office of the President P&F schedule that appears in the FY 2003 Budget Appendix.)

The Annual Performance Plan and the P&F Schedule are linked by disaggregating the two program activity lines in the P&F Schedule into four components, represented by the Plan's four Initiatives. This disaggregation is depicted in the following chart:

Disaggregation of P&F Activities into Performance Plan Initiatives

<u>Program & Financing Structure</u>	<u>Performance Plan Structure (Initiatives)</u>
1. Trade Coordination & Negotiation	a. Trade Policy Development (Initiative 1) b. Negotiation (Initiative 2) c. Monitoring and Enforcement (Initiative 3) d. Communication and Management (Initiative 4)
2. Geneva Trade Negotiations	a. Trade Policy Development (Initiative 1) b. Negotiation (Initiative 2) c. Monitoring and Enforcement (Initiative 3) d. Communication and Management (Initiative 4)

As the chart suggests, the "Trade Coordination and Negotiations" and the "Geneva Trade Negotiations"

P&F activity lines support all four Initiatives.

Linking Resources with Goals

FY 2003 resources are associated with the Performance Plan’s four Initiatives. Resources are linked at the four Initiatives, and not at the level of the individual goals in the Plan under the Initiatives. USTR is a matrix organization that manages issues and resolves problems by deploying resources from different offices (e.g., bilateral, sectoral, multilateral, and staff support). USTR’s organizational units and employees are continuously contributing to the achievement of several different initiatives.

Methodology for Allocating Resources

The association of resources with each of the four Initiatives is based chiefly on the distribution of FTEs among those Initiatives. USTR has a “salary and expense” budget, which funds USTR employee salaries and benefits, and the related expenses, such as office rent, telecommunications, travel, equipment and office supplies needed to support employees in the performance of their jobs.

Since the budget is employee-driven, the allocation of resources among the four Initiatives is based on an estimate by each office manager (in most cases an Assistant USTR) of the number of FTE staff required to support each Initiative.

In quantifying funding for each Initiative, the Performance Plan estimates average employee support costs for the FTE allocations displayed in the chart below, and allocates other administrative support for those FTEs, including building rent and utilities, supplies, equipment and employee travel. This methodology produces a funding amount that USTR estimates will be spent in each of the four Initiatives in FY 2003. This methodology results in the following distribution of FTEs and estimated operating expenses:

FY 2003 Estimated Distribution of FTEs and Budget Authority by Initiative by P&F Activity
(\$ in thousands)

	Trade Coordination and Negotiation		Geneva Trade Negotiations		Agency	Summary
	<u>FTEs</u>	<u>Amount</u>	<u>FTEs</u>	<u>Amount</u>	<u>FTEs</u>	<u>Amount</u>
Trade Policy Development Initiative.....	57	\$8,362	1	\$ 325	58	\$ 8,687
Negotiation Initiative.....	55	8,069	5	1,463	60	9,532
Communication & Management Initiative...	44	6,455	4	1,138	48	7,593
Monitoring & Enforcement Initiative	<u>42</u>	<u>6,162</u>	<u>1</u>	<u>325</u>	<u>43</u>	<u>6,487</u>
Totals.....	198	\$29,048	11	\$3,251	209	\$32,299