

**ANNEX 1**

**EACH FTA'S UNIQUE BENEFITS, INNOVATIONS, AND  
SPECIFIC NEGOTIATING OBJECTIVES**

## **ASIA AND THE PACIFIC**

Since TPA took effect in August 2002, the Administration has worked with the Congress under TPA to conclude two FTAs with partners in Asia and the Pacific region and initiated negotiations on a third agreement. The United States – Singapore Free Trade Agreement, which Congress approved in August 2003 with strong support in both chambers, was America's first FTA with an Asian nation. The agreement took effect on January 1, 2004. The FTA with Singapore reflects an important first step in the Administration's efforts to open markets in Southeast Asia as part of the President's Enterprise for ASEAN Initiative (EAI), announced in October 2002.

In May 2004, the Administration concluded an FTA with Australia. Congress voted by wide margins in July 2004 to approve the Australia FTA and it entered into force on January 1, 2005.

On February 12, 2004, President Bush notified Congress that the Administration intended to negotiate a free trade agreement with Thailand, one of Southeast Asia's most dynamic economies. The negotiations began in June 2004. An FTA with Thailand offers substantial new export opportunities for U.S. ranchers, farmers, workers, and manufacturers across a wide range of agricultural and industrial sectors.

### **1. Free Trade Agreement with Australia**

In effect since January 1, 2005, the United States – Australia FTA represents a major step in opening markets and strengthening economies across the Asia-Pacific region. Australia, currently America's 14<sup>th</sup> largest goods export market, is a large and growing trade and investment partner as well as a close ally. In 2004, two-way annual goods trade was nearly \$22 billion. Two-way services trade was \$9 billion in 2003 (latest data available).

By providing increased access to Australia's market, the FTA will boost bilateral trade in both goods and services. By one estimate, the agreement will increase U.S. manufacturing exports to Australia by \$2 billion a year when the FTA is fully implemented. In 2002, Australian firms in the United States employed 55,000 Americans. The FTA is expected to create even more employment opportunities, and promote U.S. efficiency and competitiveness.

#### ***Unique Benefits***

- *Leveling the Playing Field:* Before the Australia FTA took effect, U.S. firms paid 10 times as much in total annual import tariffs to Australia as the United States collected on products from Australia. The FTA will eliminate this disparity.
- *Tariff Elimination:* Australia eliminated its tariffs on more than 99 percent of U.S. manufactured goods on the day the FTA took effect, reflecting the single largest immediate tariff elimination for industrial goods provided under any U.S. FTA.

- *Access for U.S. Agricultural Products:* The FTA immediately eliminated duties on all U.S. agricultural exports to Australia, which totaled nearly \$500 million in 2004. It also includes tariff rate quotas and safeguards for addressing U.S. imports of sensitive agricultural products from Australia, such as beef, dairy, cotton, and peanuts, with no change in access for sugar. In addition, the FTA establishes a new forum for scientific cooperation between U.S. and Australian authorities to resolve, on the basis of science, specific bilateral animal and plant health matters.
- *Government Procurement:* Under the FTA, approximately 80 Australian central government entities, including key ministries and government enterprises, as well as all of Australia's states and territories, must follow transparent, non-discriminatory procurement rules. These commitments are particularly significant and commercially important because Australia is not a party to the WTO Agreement on Government Procurement.
- *Protection for Intellectual Property Rights:* Under the FTA, Australia addressed key U.S. IPR concerns regarding copyrights, patents, trademark protection, and enforcement. The FTA also provides for protection and enforcement of IPRs consistent with the requirements of 21st century technology.
- *Electronic Commerce:* In addition to providing for non-discriminatory treatment of electronic commerce, the FTA is the first to include provisions on authenticating electronic signatures.
- *Government Drug Listing Rules:* The Australia FTA is the first U.S. FTA to include innovative, non-market access provisions relating to public health and pharmaceuticals, including requirements for Australia's health programs to apply transparent procedures in listing new pharmaceuticals for reimbursement. Under the FTA, Australia will also establish an independent review process for listing decisions. In addition, the FTA establishes a Medicines Working Group to provide for a continued dialogue between the United States and Australia on policy issues relating to innovative health care access.

### ***Progress in Conjunction with the Agreement***

- *SPS Measures:* In anticipation of and during the FTA negotiations, the Administration worked successfully with Australia to remove unjustifiable Australian SPS barriers that impeded imports of U.S. food and agricultural products to that country. For example, in July 2002, before the FTA negotiations began, Australia agreed to begin allowing imports of U.S. table grapes. As a result, U.S. exports of table grapes reached \$15.4 million in 2004. In addition, beginning in August 2004, U.S. pork producers were able to export to Australia for the first time. U.S. shipments reached nearly \$3.4 million by the end of the year.

## **2. Free Trade Agreement with Singapore**

The FTA that the Administration concluded with Singapore, in operation now for 15 months, has worked to deepen and strengthen U.S. relations with this key trading partner. Singapore, a major Southeast Asian trading hub, is currently the 11<sup>th</sup> largest U.S. export market. In 2004, two-way goods trade was nearly \$35 billion. Two-way services trade was \$9.2 billion in 2003 (latest data available).

The FTA has already served to increase bilateral trade in goods and services, while reinforcing U.S. economic ties with Southeast Asia and improving U.S. competitiveness in the region. During the first year the FTA was in effect, U.S. exports to Singapore grew by 18.4 percent. Three U.S. sectors experienced particularly rapid growth in exports to Singapore during the period: information technology equipment exports increased by 62 percent (\$1.7 billion increase); mineral and fuel exports increased by 86 percent (\$265 million increase); and furniture exports increased by 99 percent (\$7.3 million increase).

Other U.S. exports that experienced significant increases during the first year of the FTA include: chemicals, such as plastics, cosmetics, and pharmaceuticals; fish; construction equipment; building products; paper and other forest products; consumer goods; travel goods; scientific equipment; infrastructure machinery; and medical equipment.

### ***Unique Benefits***

- *Leveling the Playing Field:* Singapore is a significant services export market for U.S. companies. The agreement largely opens Singapore's formerly highly restricted banking sector to U.S. firms, and provides greater access for U.S. companies to provide insurance, legal, architectural, engineering, and express delivery services in Singapore. In addition, the FTA enables U.S. firms to acquire equity stakes in a wide range of government-controlled enterprises in Singapore, such as public utilities and port management, broadcasting, and tourism firms, when they are privatized.
- *Tariff Elimination:* Most tariffs on goods traded between the United States and Singapore were eliminated on the day the agreement entered into force. The rest will be phased out over 3 to 10 years. More than 97 percent of United States – Singapore goods trade is now duty-free.
- *Preventing Transshipments and Circumvention:* The FTA includes firm commitments to combat illegal transshipments of all traded goods and to prevent circumvention of the agreement's origin rules for textiles and apparel.

### ***Progress in Conjunction with the Agreement***

- *Environmental Cooperation:* The Administration used the FTA negotiations as an opportunity to conclude a memorandum of intent with Singapore on environmental cooperation. The two governments have already initiated several bilateral environmental

initiatives, including actions aimed at advancing environmental protection in the Southeast Asia region as well as combating illegal trade in wildlife and illegal logging.

### **3. Free Trade Negotiations with Thailand**

In October 2003, President Bush announced that the Administration would seek an FTA with Thailand, reaffirming the Administration's commitment under the EAI to strengthen trade ties with countries in the ASEAN region that are actively pursuing economic reforms.

An FTA with Thailand will deepen longstanding bilateral economic and security ties. Thailand is the 20<sup>th</sup> largest U.S. trading partner, with two-way trade of \$23.9 billion in 2004. The Administration expects that an FTA will create significant new opportunities for U.S. exporters across a wide range of agricultural, manufacturing, and services sectors. Extension of TPA will be essential for securing a comprehensive, market-opening FTA with Thailand.

#### ***Country-Specific Negotiating Objectives***

- *Leveling the Playing Field:* Over 70 percent of Thailand's products already enter the U.S. market duty-free under the Generalized System of Preferences (GSP) program or under U.S. Most Favored Nation (MFN) tariff rates. An FTA will make duty-free treatment reciprocal. In addition, an FTA will give U.S. exports preferred treatment similar to that which Thailand affords to goods from its ASEAN and other preferential trading partners.
- *Reducing Tariff and Non-Tariff Barriers:* The Administration is seeking to address a variety of Thai measures that limit U.S. exports to Thailand, including high tariffs on agricultural goods, restrictive licensing practices, and an unpredictable and nontransparent customs regime.
- *Opportunities for U.S. Agricultural Products:* An FTA with Thailand will be particularly beneficial for U.S. agricultural producers. The United States is already one of the largest suppliers of agricultural products to the Thai market. By eliminating Thailand's high duties and other barriers in the agricultural sector, the FTA will expand opportunities for U.S. farmers and ranchers in this major market.
- *Benefits for Industrial and Consumer Exports:* The Administration is seeking to dismantle barriers in Thailand that limit opportunities to sell key industrial goods to Thailand, while remaining sensitive to important concerns raised regarding key domestic sectors, such as automotive products.
- *Opportunities for U.S. Services Firms:* The Administration is seeking to build on rights that each country affords to investors and other services suppliers of the other country under the *United States – Thailand Treaty of Amity and Economic Relations* to address discriminatory and other barriers to trade in Thailand's services markets. The Administration is also seeking to provide increased opportunities in Thailand for U.S.

service providers in such sectors as telecommunications, financial services, and professional services.

- *Protecting Intellectual Property Rights:* A top priority for the Administration is to address deficiencies in Thailand's protection of intellectual property rights, bringing its IPR regime up to the standards set in all recent U.S. FTAs.
- *Strengthening Core Values:* The Administration is also seeking an FTA that will reinforce important values in Thailand, such as respect for internationally recognized worker rights and the elimination of the worst forms of child labor; improved respect for the rule of law; concern for environmental protection and sustainable development and compliance with domestic environmental laws; accountability of institutions of governance; transparency; and a commitment to combat corruption.

### ***Progress in the Negotiations***

Since negotiations with Thailand began in June 2004, there have been two rounds of negotiations as well as inter-sessional meetings on specific issues. A third round of negotiations is planned for early April 2005. The two sides have made progress on drafting texts and have exchanged data and information needed for both governments to begin preparing market-opening proposals.

### ***Objectives in Conjunction with the Negotiations***

- *SPS Measures:* In conjunction with the FTA negotiations, the Administration is engaging Thailand in a comprehensive discussion of its regulations governing agricultural biotechnology products and its policies regarding imports of U.S. biotech goods. In addition, the Administration is seeking to have Thailand adopt science-based health and safety standards for processed food, beef, and poultry.
- *Environmental Cooperation:* In parallel with the FTA negotiations the Administration has initiated discussions with Thailand on environmental cooperation priorities.
- *Workers' Rights:* During the negotiations, the Administration will seek to confirm that Thailand's domestic labor laws cover internationally recognized labor rights and identify areas of cooperation with regard to labor rights and practices. The Administration will also seek to ensure that Thailand makes continued progress in eliminating the worst forms of child labor.

## THE MIDDLE EAST

To create hope and opportunity in a region beset by violence and conflict, President Bush announced in 2003 that the Administration would seek to establish a Middle East Free Trade Area (MEFTA) by 2013. The initiative will deepen U.S. trade relationships with the countries of the Middle East and North Africa through steps tailored to each country's level of development.

The Administration has worked hard to advance this important goal, which would link countries from the Mahgreb to the Persian Gulf that are committed to economic reform and help to reinvigorate a region with a rich history as a key trading center.

The President's vision of a Middle East and North Africa that trades in freedom has received special attention. The *9/11 Commission*, in its final report issued on July 22, 2004, unanimously recommended that the United States should promote economic policies that "encourage development, more open societies, and opportunities for people to improve the lives of their families." When the terrorism panel made this recommendation, the Administration was already aggressively building the foundation for a MEFTA. Free trade agreements with Jordan and Israel were already in place. Congress was days away from voting to approve – by a large bipartisan margin – an FTA with Morocco, and U.S. negotiators were preparing for a final round of meetings that resulted in an FTA with Bahrain.

Extension of TPA is essential so that the Administration can continue to foster market-oriented economies in the region that operate on a transparent basis and in accordance with the rule of law. An extension of TPA will also help level the playing field for U.S. goods and services exporters. For example, 46 percent of U.S. imports from Bahrain, Oman, and the United Arab Emirates (UAE) currently enter the United States duty-free. FTAs with these countries will eliminate duties on a reciprocal basis.

The Administration began FTA negotiations in March 2005 with the UAE and Oman. These initiatives build on the FTAs that the Administration had concluded with Morocco and Bahrain under TPA, as well as on FTAs completed earlier with Israel and Jordan. These negotiations will encourage other members of the Gulf Cooperation Council (GCC) to adopt standards that promote trade and investment and protect the environment and workers' rights.

The Administration's FTA initiatives in the region have focused on countries led by modernizers who are promoting openness and economic growth. By supporting these countries as they expand their trading and investment relationship with the United States, the Administration is providing a concrete and mutually beneficial avenue for enhancing opportunity and hope in this critical region. In describing policies that support economic development and reform, the *9/11 Commission* highlighted the FTAs the Administration has concluded with Bahrain and Morocco under TPA in. An extension of TPA will be essential in assisting U.S. negotiators to conclude FTAs that will spread democracy and boost U.S. exports to the region.

## 1. Free Trade Agreement with Morocco

Signed in June 2004, the United States – Morocco FTA was the first free trade agreement concluded under the President’s MEFTA initiative as well as the first with a country in Africa. The FTA with Morocco will anchor efforts to establish a sub-regional agreement in North Africa, leading ultimately to a region-wide MEFTA. The FTA will help to strengthen an important, strategically placed, and politically moderate ally through increased economic prosperity and growth.

U.S. goods exports to Morocco in 2004 totaled \$524 million, with two-way trade of \$1 billion. The U.S. International Trade Commission has estimated that once the agreement is fully implemented U.S. exports to Morocco will be \$740 million higher than U.S. exports would be otherwise each year.

Congress approved the Morocco FTA in August 2004 by substantial margins in both chambers, and the President signed the implementing legislation into law shortly thereafter. The Moroccan Parliament ratified the agreement in January 2005, and it is currently awaiting signature by King Mohammed VI. The agreement is expected to enter into force in 2005.

### ***Unique Benefits***

- *Leveling the Playing Field:* The FTA provides for more than 95 percent of bilateral trade in consumer and industrial goods to become duty-free on the day the agreement enters into force – representing the best FTA market access package that the Administration has achieved to date with a developing country. Currently, U.S. products entering Morocco face an average tariff of over 20 percent, while Moroccan products entering the United States are subject to an average tariff of 4 percent. Nearly 60 percent of Morocco’s imports into the United States now enter duty-free.
- *Agricultural and Services Trade:* The agreement also opens Morocco’s previously closed market for U.S. beef and poultry products and could lead to five-fold increases in U.S. wheat exports over recent levels. Other U.S. farm products, such as soybeans, soybean meal, cotton, dairy products, corn and other feed grains, fruits and nuts, processed foods and vegetable oils will benefit as well. By leveling the playing field, the FTA gives U.S. farmers and ranchers new tools to compete with Canada and the EU, among others, in Morocco’s market. The FTA also reduces barriers in Morocco to U.S. services firms, including in financial services, audiovisual services, express delivery services, telecommunications, computer and related services, distribution, construction, and engineering.
- *Transparency and Anti-Corruption:* The FTA includes specific commitments on combating bribery in matters affecting international trade and investment, including rules spelling out particular features that anti-bribery laws should contain.



## ***Progress in Conjunction with the Agreement***

- *Labor Rights:* The prospect of an FTA with the United States helped forge a domestic consensus for labor law reform in Morocco, spurring reform efforts that had been stymied for more than 20 years. A comprehensive new labor law went into effect on June 8, 2004, just days before the FTA was signed. The law is a significant improvement over earlier measures, particularly as it strengthens rights of association and collective bargaining. In addition, the ILO provided, with funding from the U.S. Department of Labor, technical assistance to Morocco to improve the application and enforcement of its labor laws, and to address child labor issues.
- *Environmental Cooperation:* During the FTA negotiations, Morocco enacted new laws to combat air pollution and strengthen environmental regulation. In addition, in tandem with the FTA, the United States and Morocco concluded a Joint Statement on Environmental Cooperation. The Administration has already begun carrying out its commitments under the statement through environmental training and capacity building projects in Morocco.

## **2. Free Trade Agreement with Bahrain**

On September 14, 2004, the Administration concluded an FTA with Bahrain, an important strategic partner in the Persian Gulf.

Bahrain is a regional leader in economic reform and trade liberalization, and has undertaken reform of its political system. For example, well before the FTA negotiations began, Bahrain brought its investment rules up to international standards by concluding a bilateral investment treaty with the United States. The United States – Bahrain FTA will support and accelerate these reforms, and will set the stage for improving trade relations and expanding openness with other countries in the region, thereby increasing prosperity, opportunity, and hope. The conclusion of this agreement has motivated the other members of the GCC to increase the pace of their own economic reforms, and sets a high standard for the current FTA negotiations with the UAE and Oman. The Administration expects to submit the agreement to the Congress in 2005.

### ***Unique Benefits***

- *Leveling the Playing Field:* In 2004, 31 percent of Bahrain's exports to the United States entered duty-free. The FTA will level the playing field by removing barriers to U.S. exports to Bahrain. On the day the agreement enters into force, all U.S. consumer, industrial, and agricultural exports except for alcohol and tobacco will enter Bahrain duty-free.
- *Opportunities for U.S. Services Firms:* Under the FTA, Bahrain has committed to maintain an open services market in more sectors than any U.S. FTA partner, creating a wide array of opportunities in sectors such as banking and securities, insurance, telecommunications, healthcare, distribution, energy, construction and engineering, education and training, tourism and travel, and environmental services.

- *Transparency and Anti-Corruption:* The FTA includes specific commitments on combating bribery in matters affecting international trade and investment, including rules spelling out particular features that anti-bribery laws should contain.

### ***Progress in Conjunction with the Agreement***

- *SPS Measures:* Before initiating FTA negotiations, the Administration worked with Bahrain to bring its unjustifiable shelf-life standards for processed food into compliance with international science-based standards. Within two months after FTA negotiations began, Bahrain repealed its shelf-life standards and replaced them with appropriate, science-based regulations.
- *Environmental Cooperation:* In the course of negotiating the FTA, the United States and Bahrain concluded a memorandum of understanding on environmental cooperation that the two governments will use to develop priorities for environment-related projects in Bahrain.
- *Labor Rights:* The FTA includes a labor cooperation mechanism to promote respect for the core labor principles embodied in the ILO Declaration, which are enshrined in Bahrain's labor code. In 2002, Bahrain enacted significant reforms to its labor code, which included permitting the formation of labor unions for the first time since the early 1970s. Both nationals and foreign workers are allowed to form and join trade unions under the new law.

### **3. Free Trade Negotiations with the United Arab Emirates**

On November 15, 2004, the President notified Congress of the Administration's intent to negotiate an FTA with the UAE. The proposed FTA will build on the FTA the Administration signed with Bahrain last year and will deepen a trading relationship with one of the most dynamic and market-oriented economies in the region. Concluding an agreement with the UAE will send a strong signal in the Middle East of the value of strengthening bilateral economic relations with the United States. Together with an anticipated FTA with Oman, and building on the FTA concluded with Bahrain last year, a free trade agreement with the UAE will significantly advance the process of building a sub-regional trading zone in the Persian Gulf, complementing efforts in the Levant and North Africa and ultimately leading to a completed MEFTA.

The UAE is the third largest U.S. trading partner in the Middle East after Saudi Arabia and Israel. Two-way trade in 2004 was \$5.2 billion, of which \$4.1 billion was in U.S. exports.

Negotiations with the UAE began in early March 2005 following consultations between the Administration's principal trade negotiators and the Congress on negotiating positions and proposed agreement texts. An extension of TPA is essential to complete these negotiations.

## **Country-Specific Negotiating Objectives**

The Administration is seeking an FTA with the UAE that will increase commercial opportunities for U.S. exporters and service providers, enhance protection for U.S. investors and intellectual property owners and investors, and foster environmental protection. The Administration will be specifically looking to address current UAE company and agency laws that restrict the investment opportunities for U.S. firms as well as distribution rights for U.S. firms that export to the UAE.

In 2004, 54 percent of the UAE's exports to the United States entered duty-free. The Administration will work to level the playing field by eliminating barriers to U.S. exports to the UAE.

## **Objectives in Conjunction with the Negotiations**

- *SPS Measures:* Before the FTA negotiations began, the Administration asked the UAE to bring its SPS regulations – in particular its unjustifiable shelf-life standards for processed food and its ban on U.S. beef imports – into conformity with international science-based standards. The Administration is working to provide technical assistance to help ensure that the UAE takes timely, concrete action.
- *Labor Rights:* The Administration intends to urge the UAE to adopt and enforce labor laws that implement internationally recognized labor rights and apply those laws to its entire workforce, in particular foreign workers employed in the UAE.
- *Environmental Cooperation:* Even before FTA negotiations got underway, the Administration began discussions with the UAE on environmental cooperation priorities with the UAE, with the aim of negotiating a memorandum of understanding on environmental cooperation that will complement the eventual FTA.

## **4. Free Trade Negotiations with Oman**

On November 15, 2004, the President notified Congress of the Administration's intention to begin FTA negotiations with Oman, a close U.S. ally in the Persian Gulf. These negotiations represent an important further stage in implementing the President's initiative to advance economic reforms and openness in the Middle East and Gulf region and in creating the MEFTA.

Oman is an appropriate candidate for an FTA with the United States, having significantly reformed its trade regime when it joined the WTO in 2000. In addition, Oman has a solid record of protecting intellectual property rights and providing access to its goods and government procurement markets.

Negotiations with Oman began in early March 2005, following consultations between the Administration's principal trade negotiators and the Congress on negotiating positions and proposed agreement texts. An extension of TPA is essential to complete these negotiations.

### ***Country-Specific Negotiating Objectives***

U.S. negotiating positions draw from prior bilateral FTAs with the region, in particular those with Bahrain and Morocco. The FTA will provide new export opportunities for U.S. services firms in sectors such as telecommunications, banking, insurance, energy, construction, engineering, legal services, accounting, tourism and travel, health care, and environmental services. An FTA will also support Oman's commitment to transparency, openness, and the rule of law, and enhance respect for intellectual property rights, labor rights, and environmental protection.

In 2004, 42 percent of Oman's exports to the United States entered duty-free. The Administration will work to level the playing field by eliminating barriers to U.S. exports to Oman.

### ***Objectives in Conjunction with the Negotiations***

- *SPS Measures:* Before the FTA got underway, the Administration requested Oman to bring its SPS regulations – in particular, its unjustifiable shelf-life standards for processed food and ban on U.S. beef imports – into conformity with international science-based standards. The Administration is working to provide technical assistance to help ensure that Oman takes timely, concrete action.
- *Labor Rights:* Oman recently enacted new labor legislation, along with implementing regulations, to better ensure freedom of association and the right to collective bargaining for all workers in Oman. The Administration intends to consult closely with Oman concerning its labor laws, and provide technical assistance as needed, consistent with TPA objectives on labor rights.
- *Environmental Cooperation:* The Administration has begun discussions with Oman on its environmental cooperation priorities and intends to negotiate a memorandum of understanding with Oman on environmental cooperation in parallel with the FTA.

## THE AMERICAS

TPA has enabled the Administration to build on the NAFTA, which created the world's largest free trade area, by expanding America's trade partnerships in the Western Hemisphere to neighbors in Central and South America. First, TPA enabled the Administration, in close collaboration with the Congress, to conclude and implement an innovative FTA with Chile in 2003, South America's most dynamic economy and a thriving democracy. In August 2004, the Administration concluded a robust, market-opening FTA with five nations of Central America and the Dominican Republic (CAFTA-DR). The Administration expects to submit that agreement to the Congress in 2005.

Also in 2004, the Administration launched new FTA negotiations with Panama and with three Andean countries (Colombia, Ecuador, and Peru), with Bolivia participating as an observer. At the same time, the Administration is continuing to press for a market-opening Free Trade Area of the Americas (FTAA) that will include all of the Western Hemisphere democracies. Each of these efforts demonstrates an abiding U.S. commitment under TPA to promote open trade, economic progress, and democratic institutions throughout the region.

### 1. CAFTA-DR

On August 5, 2004, the Administration concluded the CAFTA-DR, which unites the United States through free trade with five countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic, countries that collectively form the second largest U.S. export market in Latin America. This historic agreement will create new economic opportunities for the United States by eliminating tariffs, opening markets, promoting transparency, and establishing state-of-the-art rules for 21<sup>st</sup> century commerce. It will also contribute to the transformation of a region that was consumed by internal strife and border disputes just a decade ago but is now a successful regional economy with flourishing democracies.

The CAFTA-DR will create a level playing field for U.S. workers, farmers, ranchers, and businesses; strengthen struggling democracies throughout the region; create a more efficient textile and apparel production zone to compete with Asia; and provide stronger protections for labor rights and the environment.

The United States is the largest trading partner of the CAFTA-DR countries, accounting for 39 percent of the region's goods imports in 2003 (latest data available). In 2004, the CAFTA-DR countries purchased \$15.7 billion in U.S. goods, and total goods trade between the United States and the region was \$33.4 billion.

#### ***Unique Benefits***

- *Leveling the Playing Field:* The CAFTA-DR countries, like many other developing countries, enjoy broad duty-free access to the U.S. market through the GSP and Caribbean Basin Initiative (CBI) trade preference programs that Congress established to

promote economic development. In 2004, nearly 80 percent of goods exports from the CAFTA-DR countries to the United States entered duty-free under the unilateral CBI or GSP programs or under MFN tariff rates. These countries also enjoy the benefits of an open U.S. services market. CAFTA-DR levels the playing field by eliminating the tariffs that the CAFTA-DR countries' impose on U.S. goods exports.

- *Expanded Markets for U.S. Farmers and Ranchers, and Manufacturers:* Under the CAFTA-DR, more than 80 percent of U.S. consumer and industrial goods will enjoy duty-free access to Central America and the Dominican Republic immediately after the FTA enters into force, with remaining tariffs phased out over 10 years. This means that key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic. The CAFTA-DR changes the “one-way street” of duty-free access currently enjoyed by Central America and the Dominican Republic on most of their agricultural products into a “two-way street” that provides U.S. agricultural exporters with access to these markets and levels the playing field with other countries that already have preferential access to these markets. Nearly every major U.S. agricultural sector will benefit from expanded opportunities under this agreement, with substantial gains in such sectors as feed grains, wheat, rice, soybeans, poultry, pork, beef, dairy, fruits, vegetables, and processed products.
- *Textiles and Apparel:* Textiles and apparel that meet the FTA’s regional origin rules will become duty-free as soon as the agreement takes effect, promoting new opportunities for U.S., Central American, and Dominican Republic textile and apparel manufacturers that will support U.S. exports and jobs.
- *Trade in Services:* The agreement will give U.S. services and service providers unprecedented access to CAFTA-DR markets across a wide range of sectors, including telecommunications, express delivery services, computer and related services, financial services, and insurance. The agreement also disciplines the use of “dealer protection” regimes in the CAFTA-DR countries, reducing significant barriers to distribution in the region.
- *Investment:* The FTA is the first such agreement to mandate a follow-on negotiation, to begin and conclude within a specified period, to develop an appellate body or similar mechanism to review awards rendered by investor-state arbitration tribunals. Establishing such a body or similar mechanism is a specific TPA negotiating objective.
- *Transparency and Anti-Corruption:* The FTA includes specific commitments on combating bribery in matters affecting international trade and investment, including rules spelling out particular features that anti-bribery laws should contain.
- *Public Submissions on Environmental Enforcement:* The agreement is the first FTA to include a robust public submissions process that will allow members of the public to raise

concerns that a CAFTA-DR government is not effectively enforcing its environmental laws.

- *Worker Rights:* The CAFTA-DR sets out in unprecedented detail the procedural guarantees that each government must provide to its workers to ensure they have access to fair, equitable, and transparent judicial proceedings to protect their rights under domestic labor laws.

### ***Progress in Conjunction with the Agreement***

- *SPS Measures:* The CAFTA-DR countries are working toward the recognition of U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *Improved Labor Rights:* During the course of the negotiations, the five Central American countries and the Dominican Republic made significant improvements in the application and enforcement of its labor laws. In addition, the U.S. Department of Labor has funded a multi-year program of labor cooperation, as contemplated under the agreement, to improve the capacity of each country to protect workers' rights. The State Department is also in the process of programming \$20 million of Economic Support Funds for labor and environment capacity building activities related to CAFTA-DR. In addition, all six countries asked the International Labor Organization (ILO) to review the consistency of its domestic labor laws with the international labor conventions covered by the ILO Declaration. The ILO's reports provide confidence that all six countries have labor laws that give effect to the core principles in the ILO Declaration.
- *Environmental Cooperation:* As a complement to the FTA, the United States and the six other governments signed an environmental cooperation agreement that provides a comprehensive framework for long-term cooperation on environmental issues in the region.

## **2. Free Trade Agreement with Chile**

In June 2003, the Administration concluded an FTA with Chile, a country with one of the fastest growing economies in the world. Congress approved the agreement in August 2003 under TPA procedures. The agreement has been in force since January 1, 2004. U.S. exports to Chile during the first year of the FTA increased by nearly a billion dollars, growing from \$2.7 billion in 2003 to \$3.6 billion in 2004, a 33.5 percent increase. Two-way trade, in 2004, was \$8.4 billion, and U.S. exports now account for nearly 15 percent of Chilean imports.

### ***Unique Benefits***

- *Leveling the Playing Field:* Before the Chile FTA took effect, U.S. firms paid an across-the-board six percent tariff on goods entering Chile's market. This put U.S. firms at a disadvantage given Chile's FTAs with countries such as Canada and Mexico, and with

the EU. The FTA gave immediate duty-free access to 87 percent of U.S. exports to Chile, thus giving U.S. firms the same access as Chile's other FTA partners.

- *Tariff Elimination:* Chile has already eliminated tariffs on 90 percent of U.S. exports. More than three-quarters of U.S. farm goods by value exported to Chile will become duty-free by 2007, and many key agricultural products, such as apples, cherries, lettuce, grapes, almonds, pistachios, and oranges became duty-free as soon as the agreement entered into force. Following the removal of Chilean tariffs under the FTA, U.S. exports of certain construction machinery have grown by 415 percent; tractors by 371 percent; shelled almonds by 270 percent; and motor vehicles used to transport goods by 60 percent.
- *Automobile Tax Elimination:* Chile committed to remove its 85 percent tax on automobiles valued at more than \$16,000 over a 4-year period beginning on January 1, 2004. The tax phase-out has already led to an increase in U.S. automobile exports to Chile.
- *Government Procurement:* The FTA requires Chile, for the first time, to follow open, transparent, and non-discriminatory purchasing procedures for most of its central government infrastructure and resource projects, including ports and airports, and covers most other purchases by central government entities and approximately 350 municipalities. The FTA also requires Chile to make bribery of government procurement officials a crime and spells out particular features that such a law should contain.
- *Services:* The FTA opens Chilean markets further in key sectors such as telecommunications, financial services, insurance, and express delivery services.
- *Customs:* The Chile and Singapore FTAs were the first FTAs to include specific, concrete obligations to enhance transparency and efficiency of general customs procedures. They require all customs laws and regulations to be published on the Internet, and provide for importers to request binding advance rulings on customs matters. Both agreements also provide for the rapid release of goods from customs, with expedited treatment for express delivery shipments.
- *Labor Cooperation:* The Chile FTA creates a mechanism for ongoing labor cooperation focusing on improving labor standards, particularly those set out in the ILO Declaration and the elimination of the worst forms of child labor. The United States – Chile Labor Affairs Council, created by the FTA, met in Santiago in December 2004.
- *Environmental Cooperative Projects:* The FTA commits the two governments to eight cooperative projects that address trade-related environmental issues in Chile, such as environmental law enforcement, clean-up of abandoned mines, and capacity building for farmers to encourage better handling of pesticides.



### ***Progress in Conjunction with the Agreement***

- *SPS Measures:* The Chile FTA provided a road map for subsequent FTA negotiations on SPS measures as well as for SPS discussions in the Western Hemisphere and elsewhere. In parallel with the FTA negotiations, Chile removed several unjustifiable phytosanitary barriers, opening opportunities for U.S. growers to increase their sales to Chile of fresh fruits from the West Coast, Arizona, Texas, and Florida. Chile also agreed to accept U.S. meat inspection regimes for beef and pork. The FTA also permits U.S. beef exporters to use U.S. grading standards when they market beef in Chile.
- *Labor Law Reform:* During the course of the FTA negotiations, Chile eliminated its remaining Pinochet-era labor laws.
- *Environmental Cooperation:* In conjunction with the FTA, the United States and Chile concluded an environmental cooperation agreement, which provides a framework and identifies priorities for further cooperative projects. The two governments recently agreed on an environmental work plan for 2005-06.

### **3. Free Trade Negotiations with Andean Countries**

In October 2003, President Bush notified Congress of his intent to begin FTA negotiations with the countries of the Andean region. The Administration is currently negotiating an FTA with Colombia, Peru, and Ecuador; Bolivia is participating as an observer. TPA will be vital for completing the FTA, which will foster economic growth and higher paying jobs in the United States by reducing and eliminating barriers to trade and investment between these four Andean countries and the United States. An FTA with these Andean countries will also enhance U.S. efforts to strengthen democracy and to support fundamental values in the region, such as the rule of law and efforts to combat corruption.

These four Andean countries collectively constitute an \$8.5 billion market for U.S. goods, but one characterized by substantial barriers to U.S. trade. U.S. exports constituted, in 2003 (latest data available), 25 percent of these countries' imports. Together, these countries have a gross domestic product (on a purchasing power parity basis) of \$476 billion and a combined population of about 92 million. Excluding the NAFTA countries, Colombia alone is the largest purchaser of U.S. agricultural exports in the Western Hemisphere. This combination of facts points to a region that has major, unrealized potential for U.S. exporters and investors.

An FTA with the Andean countries will help promote regional economic integration, combat narcotrafficking, build democratic institutions, and promote socio-economic development while providing new export opportunities for U.S. agriculture, industry, and service providers. These economic and social benefits an FTA will bring to the region will help strengthen the commitment of these countries to free, private market systems at a time when slow growth in Latin America has brought the commitment to open markets under political pressure. The President will need the leverage and support that TPA provides to bring the Andean FTA negotiations to a successful conclusion.

## **Region-Specific Negotiating Objectives**

- *Leveling the Playing Field:* Ninety percent of the Andeans' exports to the U.S. market enter duty-free. An FTA will make duty-free treatment reciprocal. In addition, a FTA will give U.S. exports preferential treatment relative to the Andeans' non-FTA trading partners.
- *Reducing Key Trade Barriers:* The Administration is using the negotiations to address specific barriers that limit U.S. exports to the Andean countries, including high tariffs and variable levies ("price bands") on agricultural goods, restrictive licensing practices, and an unpredictable and nontransparent customs regime.
- *Access for U.S. Agriculture:* An FTA with the Andean countries will bring significant benefits for U.S. agricultural producers. Colombia is already the largest purchaser of U.S. agricultural exports in South America.
- *Access for U.S. Manufactures:* The Administration is pressing for the immediate elimination of Andean tariffs on industrial goods of particular export interest to the United States, while remaining sensitive to important concerns raised regarding key U.S. import sectors.
- *Services Trade:* The Administration is seeking to eliminate specific restrictions that make it difficult for U.S. service providers to operate in Andean markets, and is addressing other barriers to U.S. services trade with the Andean countries. The Administration expects to achieve the greatest degree of market opening in such services sectors as telecommunications, banking, and insurance.
- *Investment:* The Administration is asking the Andean countries to adopt a robust set of investment-related disciplines, including consent to the arbitration of disputes involving investors from the other FTA countries. This is especially important given recent disputes between U.S. investors and Andean governments, which have raised concerns among U.S. businesses.
- *Intellectual Property:* The Administration is using the negotiations to address deficiencies in the Andean countries' protection of intellectual property rights. The Administration is also seeking to raise the level of protection to the standards it has set in other FTAs.
- *Strengthening Core Values:* The Administration is seeking an FTA that will reinforce important values in the Andean countries, such as respect for internationally recognized worker rights and the elimination of the worst forms of child labor; respect for the rule of law; concern for environmental protection and sustainable development and compliance with domestic environmental laws; accountability of institutions of governance; transparency; and commitments to combat corruption.

## ***Progress in the Negotiations***

Negotiations on a United States – Andean FTA began in May 2004. After eight rounds of negotiations, good progress has been made in developing texts and disciplines across the range of subject areas. Significant work remains to be done in obtaining commitments from the Andean countries with respect to opening specific markets. All parties would like to conclude negotiations this year.

## ***Objectives in Conjunction with the Negotiations***

- *SPS Measures:* In parallel with the FTA negotiations, the Administration has initiated discussions with the Andean countries to eliminate unjustified SPS barriers to exports of U.S. beef and poultry.
- *Environmental Cooperation:* The Administration has taken advantage of the FTA negotiations to begin discussing environmental cooperation priorities with the Andean countries that would build on existing U.S. efforts in the region. As with the CAFTA-DR, the Administration expects to negotiate an environmental cooperation agreement as a complement to the FTA. U.S. negotiators are working with their Andean counterparts to ensure that civil society is involved in the development of the FTA's environmental provisions and the cooperation agreement, including through public meetings in each Andean country with environmental nongovernmental organizations, industry, and indigenous groups.
- *Labor Rights:* During the negotiations, the Administration has engaged with the Andean countries concerning the need to promote respect for worker rights. The Administration intends to establish procedures for consultations and cooperative activities with the Andean countries to strengthen their capacity to promote respect for internationally recognized labor rights, including compliance with ILO Convention 182 on the worst forms of child labor.

## **4. Free Trade Negotiations with Panama**

On November 18, 2003, the President notified Congress of his intention to begin FTA negotiations with Panama. The United States and Panama have a long history of close ties and a strong economic partnership. An FTA with Panama will be a natural extension of an already largely open trade and investment relationship, and an important link in the strategy of opening markets in the hemisphere through competitive liberalization. A United States – Panama FTA will solidify this long-standing trade partnership with cutting-edge commitments to eliminate barriers to trade in goods, services, and investment.

The United States is Panama's largest trading partner, providing 34 percent of its goods imports. Total goods trade between the United States and Panama was \$2.1 billion in 2004. Panama, like many other developing countries, already enjoys broad duty-free access to the U.S. market through trade preference programs provided by Congress to promote economic development. In 2004, nearly 90 percent of Panama's goods exports entered the United States duty-free under the unilateral CBI and GSP programs, or under MFN tariff rates. An FTA with Panama will reduce

barriers to U.S. exports and stimulate important reforms of Panama's legal and business environment that are key to encouraging trade and business development.

Panama is a major transshipment point for world-wide goods trade. The United States and Panama enjoy a strong mutual commitment to cooperation in security initiatives and in monitoring traffic transiting Panama. An FTA with Panama affords the opportunity to strengthen mechanisms designed to enhance customs enforcement and trade security. An extension of TPA will be critical in concluding a robust free trade agreement with Panama.

### **Country-Specific Negotiating Objectives**

- *Leveling the Playing Field:* The Administration is seeking through the negotiations to ensure reciprocal access for U.S. exports to Panama's goods markets.
- *Access for U.S. Agriculture:* The Administration is seeking an agreement that will open Panama's market to U.S. agricultural products. In particular, the Administration is using the negotiations to address Panama's high tariffs on agricultural goods and restrictive licensing practices.
- *Access for U.S. Manufactures:* The Administration has pressed for the immediate elimination, once the FTA takes effect, of Panama's tariffs on industrial goods of particular export interest to the United States, while remaining sensitive to important concerns raised regarding key U.S. import sectors.
- *Trade in Services:* Panama, like the United States, is predominantly a services-based economy, with services accounting for about 80 percent of economic activity. The Administration is seeking to open Panama's services market to U.S. firms, particularly for professional services, financial services, and telecommunications.
- *Canal Zone:* The Panama Canal is the focal point of Panama's economy and represents an important opportunity for mutual economic opportunities and growth. Much of Panama's economic activity is tied to the canal infrastructure and the logistics and financing of international shipping. The Administration is looking to the FTA to provide U.S. companies with enhanced access to business opportunities associated with the Canal, such as in construction, engineering, and environmental services. This is especially important because an anticipated \$4-8 billion Canal expansion.
- *Strengthening Core Values:* The Administration is also seeking an FTA that will reinforce important values in Panama such as the elimination of the worst forms of child labor; respect for the rule of law; concern for environmental protection and sustainable development and compliance with domestic environmental laws; accountability of institutions of governance; transparency; and a commitment to combat corruption.
- *Labor Rights:* The FTA, like other agreements the Administration has negotiated under TPA, will include provisions that promote respect for ILO standards and require the effective enforcement of domestic labor laws.

## ***Progress in the Negotiations***

The United States and Panama have held eight rounds of negotiations since April 2004. On September 1, 2004, Martin Torrijos took office as president of Panama. President Torrijos' negotiating team has represented Panama since the fifth round of negotiations in October 2004. Significant progress has been made in the negotiation, but issues remain, particularly regarding agricultural trade and the Panama Canal Authority. The Administration is seeking to conclude the negotiations expeditiously.

## ***Objectives in Conjunction with the Negotiations***

- *Environmental Cooperation:* As a complement to the FTA, the Administration intends to establish an environmental cooperation mechanism with Panama.
- *SPS Measures:* In conjunction with the FTA negotiations, the Administration is working to eliminate Panama's requirement for facility-by-facility inspection of meat, poultry, and other food producing facilities in the United States and establish a system for Panama to rely on U.S. food inspection procedures.

## **5. Negotiations on the Free Trade Area of the Americas**

At the first Summit of the Americas in Miami in 1994 and repeatedly since, leaders of the Western Hemisphere's 34 democracies have called for the creation of a Free Trade Area of the Americas by 2005. Formal negotiations on the text of an agreement began in 1998 and the participating countries agreed to initiate formal market access negotiations after the TPA Act was signed into law in August 2002.

Bringing the FTAA negotiations to a successful conclusion will benefit U.S. farmers, workers, businesses, and consumers, as well as strengthen the rule of law and solidify economic reform throughout the Americas. It will also increase U.S. export opportunities to a region of 800 million people with a combined annual GDP of \$14 trillion. An FTAA will also facilitate regional integration and competitiveness, supporting broader U.S. foreign policy interests in promoting prosperity, democracy, and security in neighboring countries.

### ***Region-Specific Negotiating Objectives***

The Administration has taken a comprehensive approach to the FTAA negotiations. Consistent with the objectives set out in TPA, the Administration has sought an agreement that will eliminate tariff and non-tariff barriers to U.S. exports; lower barriers to U.S. trade in services; improve the climate for investment; open government procurement markets and increase transparency for U.S. suppliers of goods and services; bolster the competitive climate in countries within the region; improve the protection and enforcement of intellectual property rights; preserve the ability of the Administration to enforce its trade laws; ensure that trade and environmental policies are mutually supportive and that domestic environmental laws are effectively enforced; promote respect for worker rights consistent with ILO core labor standards; and provide a fair, transparent, timely and effective mechanism for the settlement of disputes arising under the agreement.

U.S. leadership is essential for bringing the negotiation to a successful conclusion. The extension of TPA will send a strong signal at the upcoming Summit of the Americas in November 2005 regarding the importance the Administration attaches to strengthening its relationship with the 33 other Western Hemisphere countries participating in the FTAA negotiations.

### ***Progress in the Negotiations***

In 2003, following the renewal of TPA, the negotiations made good progress after participating governments exchanged initial proposals for opening their markets and, in many cases, improved their offers. A third draft text showing areas of agreement and negotiating proposals was made public following the FTAA Trade Ministerial that took place in Miami in November 2003. To make the negotiating process more transparent, participating governments initiated new dialogues with civil society throughout the hemisphere. FTAA governments also established the Hemispheric Cooperation Program to assist participating governments in preparing to assume obligations under the FTAA, and several such governments worked effectively with the donor community led by the Inter-American Development Bank to develop national strategies for trade capacity building as part of their overall economic development plans.

In mid-2003, the member countries of the Common Market of the South (Mercosur, which consists of Argentina, Brazil, Paraguay, and Uruguay) challenged the previously-agreed consensus on the general negotiating objectives for the FTAA. Mercosur called for a wide-ranging restructuring of the negotiating agenda to reduce its scope significantly and focus on opening markets for goods and a few other goals. After vigorous debate among the 34 FTAA countries, the United States and Brazil as FTAA Co-chairs put forward a two-track approach as a way to advance the negotiations. Ultimately, all 34 countries agreed at the November 2003 Miami Ministerial meeting on this new framework for negotiations.

At the Miami meeting, ministers called for a “common and balanced set of rights and obligations applicable to all countries.” This would constitute one element of the FTAA, containing core commitments by all countries in all areas previously under negotiation. Ministers also agreed that interested countries could negotiate additional benefits and obligations. This would constitute another, more ambitious element of the FTAA and could be achieved, for example, through one or more agreements open to interested countries. For the United States, this two-track framework establishes a way to make substantial progress in opening markets and reducing trade barriers across the region, while continuing to pursue more ambitious results with countries that are willing to go further.

Talks took place during 2004 on providing detailed instructions to FTAA negotiators regarding the “common set” negotiations and on the procedures that will govern the more ambitious negotiations open to interested countries. These discussions have yet to conclude. Once an agreement on these points is in place, FTAA negotiations will resume. As a result of the delays occasioned over the past two years, ministers will need to address the overall FTAA negotiation schedule when they next meet, which is expected to be later in 2005.

## **AFRICA**

Supporting Africa's integration into the global economy is one of the key elements of the Administration's Africa trade policy. The African Growth and Opportunity Act (AGOA), enacted in 2000, expanded in 2002, and extended in 2004 through 2015, has created tangible incentives for commercial development and economic reform in sub-Saharan Africa. As a result of AGOA, more than 98 percent of U.S. imports from the 37 AGOA-eligible countries enter the United States duty-free. To build on AGOA's success, the Administration is working, in close consultation with the Congress, with the five countries of the Southern African Customs Union (SACU) – Botswana, Lesotho, Namibia, South Africa, and Swaziland – to establish a regional free trade agreement.

A United States – SACU FTA would enhance U.S. ties with the region and help to strengthen regional integration among the SACU nations. An FTA would also begin the process of transforming United States – Africa trade into a reciprocal partnership, rather than one characterized by unilateral U.S. preference programs as is currently the case. Continued availability of TPA is fundamental in achieving these goals.

### **1. Free Trade Negotiations with SACU**

President Bush notified Congress on November 4, 2002, of his intention to begin negotiations with the SACU countries. The negotiations began in June 2003 in Pretoria, South Africa.

Together, the SACU countries comprise the largest U.S. export market in sub-Saharan Africa, accounting for \$3.3 billion in U.S. exports in 2004. Total two-way United States – SACU trade was valued at \$10.2 billion in 2004. SACU is the world's oldest customs union, and has laid a solid foundation for free trade by advancing regional integration efforts and instituting domestic economic reforms.

#### ***Region-Specific Negotiating Objectives***

- *Leveling the Playing Field:* Some 97 percent of exports to the United States from the five SACU countries enter the United States duty-free. The FTA negotiations provide an opportunity to level the playing field in areas where U.S. exporters are disadvantaged by the EU's free trade agreement with South Africa.
- *Opening Markets:* The Administration is seeking to eliminate duties on U.S. exports to the SACU countries, giving U.S. firms considerably greater access to sub-Saharan Africa's largest market and helping to foster an expanded U.S. commercial presence in the region.
- *Encouraging Economic Growth:* The Administration is seeking to make trade a greater part of southern Africa's economic development strategy, encourage greater foreign investment in southern Africa, and promote regional economic integration and growth.

- *Creating a Model for Development:* The FTA will create an infrastructure for opportunity that builds on AGOA and establish a comprehensive framework that will serve as a model for future FTAs between the United States and Africa.

### **Progress in the Negotiations**

To date, the Administration has held six rounds of formal negotiations with the SACU governments, in which negotiators have exchanged information on each government's respective trade policies and regimes, held detailed discussions on the full range of FTA issues, and submitted texts covering most negotiating areas. Over recent months, the Administration has been working with SACU to reaffirm a common vision of the FTA's scope and ambition. The Administration has underscored the need for a comprehensive FTA that covers all key areas, including investment, intellectual property rights, government procurement, labor, and the environment.

In December 2004, SACU ministers agreed to establish a deputy-level group that will provide political-level guidance to resolve problems and address deadlocks as the negotiations move forward. The group will also establish a timeframe for completing the negotiations and a schedule for future rounds.

A TPA extension will provide the time and negotiating leverage that the Administration needs to conclude a high quality agreement that is consistent with TPA negotiating objectives.

Comment:

### **Objectives in Conjunction with the Negotiations**

- *Technical Assistance:* The Administration is providing trade capacity building and technical assistance to SACU countries to support the FTA negotiations and facilitate future United States – SACU trade and investment relations.
- *Labor Rights:* During the negotiations, the Administration has taken steps to help SACU countries better respect the rights of workers and children. With funding provided by the U.S. Department of Labor, the ILO has begun a program to increase the capacity of SACU country labor ministries to enforce domestic labor laws. The Administration will continue to engage with the SACU governments regarding the coverage of internationally recognized labor rights in their domestic labor laws, and seek needed improvements in that coverage during the course of the negotiations.
- *Environmental Cooperation:* The Administration has hosted a roundtable for SACU environment officials to learn more about the structure of environmental laws and enforcement capabilities in the SACU countries and to discuss environmental cooperation priorities. The Administration is seeking to put in place an environmental cooperation mechanism with SACU countries as an adjunct to the FTA.



