

February 26, 2003

The Honorable Secretary Donald L. Evans
Department of Commerce
1401 Constitution Ave, NW Rm. 5854
Washington, D.C. 20230

Dear Secretary Evans:

As you are aware, small and minority business is a tremendous engine of the U.S. economy. As producers, suppliers, transporters, employers, exporters, and entrepreneurs smooth and transparent access to international markets is paramount to the welfare and growth of the SME sector.

Thus, pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of ISAC-14 for Trade Policy Matters by the Small and Minority Business Committee on the **U.S. - Singapore Free Trade Agreement**, reflecting a general consensus with comments by the advisory committee on the proposed Agreement.

Sincerely,

John A. Adams, Jr.,
Chairman, ISAC-14

February 26, 2003

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

Dear Ambassador Zoellick:

As you are aware, small and minority business is a tremendous engine of the U.S. economy. As producers, suppliers, transporters, employers, exporters, and entrepreneurs smooth and transparent access to international markets is paramount to the welfare and growth of the SME sector.

Thus, pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of ISAC-14 for Trade Policy Matters by the Small and Minority Business Committee on the **U.S. - Singapore Free Trade Agreement**, reflecting a general consensus with comments by the advisory committee on the proposed Agreement.

Sincerely,

John A. Adams, Jr.,
Chairman, ISAC-14

The U.S. - Singapore Free Trade Agreement (FTA)

Report of ISAC - 14
Small and Minority Business
Advisory Committee on Trade Policy and Negotiations (ACTPN)

February 26, 2003

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ISAC-14: Small and Minority Business Committee

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the **U.S. - Singapore Free Trade Agreement (FTA)**

I. Purpose of the Committee Report

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

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

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

Pursuant to these requirements, ISAC-14 on Small and Minority Business hereby submits the following report.

II. Executive Summary of Committee Report

Enclosed is a review of the key items of concern of the committee, submitted for your review both in terms of the final document as well as the procedures for implementations and resolution of any disputes. The committee, except as noted in the comments in section V below, applaud the efforts of USTR and Commerce to open freer trade with Singapore.

III. Brief Description of the Mandate of ISAC-14 Committee

The objective of the committee is to provide timely policy and technical advice, information, and recommendations to the Secretary and USTR regarding trade barriers, implementation, and overall concern as it pertains to the operations and international competitiveness of small and minority business.

IV. Negotiating Objectives and Priorities of ISAC-14

The priorities of the committee are to represent the views of small business with the objective to enhance job growth and exports of goods and services by this business sectors of the U.S. economy. As a further objective, the committee expresses an ongoing concern that cross-border trade be as fair as possible, transparent, and open to small business.

V. Advisory Committee Opinion on Agreement

The following comments are both general as well as specific, and when possible the applicable section of the agreement has been noted. The following is listed in no particular order.

- A. **Trade Facilitation** - Customs must be as simple and transparent as possible and not form non-tariff barriers that increase the cost of doing business. One key is the efficient and timely operations of customs. For example, the agreement has a six-hour target to release express shipments, given the urgency as well as available technology a target time of under three hours should be considered.
- B. **Electronic Commerce** - E-commerce is critical to small and minority business in terms of access to customers and bidding opportunities. How e-commerce unfolds will be of great concern to ISAC-14, thus we urge that the parties establish an e-commerce working group, under the administration of agreement provision, to allow full and timely comments from the SME sector.
- C. **Trade Dispute Settlement** - Dispute settlement and transparent treatment are critical to small business. Thus, Working Groups established to review and assess of dispute settlements should include “private” sector input. The structure of the panels seems awkward.
- D. **Government Procurement Chapter 13** - There needs to be a clear understanding of “off-set exclusions”, please consider: Small, high tech, specialty companies that sell to foreign governments could be faced with offset requirements. Small companies do not have the same resources available as large companies and also typically do not have the same knowledge base. Depending on the item, they may have to move some fabrication to the area or buy services for the items from the area. This can remove revenue and jobs from a small company. Thus, if offset requirements cannot be specifically excluded, then perhaps high threshold limits could be set that would essentially exclude small companies from offset requirements.

- E. **Annex I and II:** Majority control by Singapore nationals brings into question corporate governance and U.S. ownership in market. Is this intended to limit U.S. citizens as members of management, operations, and/or boards.
- F. **Impact of Future Trade Agreements** - Concern was expressed that the time line for implementation of this accord, which is fine in the case of Singapore, may not be effective in agreements in other parts of the world and thus, care should be taken not to set a precedent.

VI. Membership of Committee

Chairman

John A. Adams, Jr., CEO
Laredo Dev. Foundation
Laredo, Texas 78044

Vice-Chairman

Esteban Taracido, President
Tele-Signal Corporation
New Rochelle, NY 10804

Vice-Chairman

Roger Dickey, President
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Doraville, GA 30340

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Chief Executive Officer
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Hauppauge, NY 11788

Donald Williams, President and
Chief Executive Officer
Princeton Healthcare, Inc.
Marietta, GA 30067