

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

POCKET NUMBER 2820 ----- Office of the Secretary Int'l Trade Commission

JUN 16 2011

The Honorable Deanna Tanner Okun
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Okun:

In December 2005, at the Ministerial Conference of the World Trade Organization (WTO) held in Hong Kong, China, WTO Members reached agreement to provide duty-free, quota free market access (DFQF) to products from the least-developed country members (LDCs), as defined by the United Nations. The United States announced that it would implement this initiative together with the results of the overall negotiations under the Doha Development Agenda (DDA). As an initial step in this implementation, in 2007 USTR requested and the United States International Trade Commission (Commission) conducted an investigation and provided an analysis of the economic effects of providing DFQF access to LDCs. Given the market changes since 2007, we believe it would be useful to have an update of this analysis based on 2010 trade data.

Accordingly, under the authority delegated to me by the President, I request that the Commission initiate an investigation under section 332(g) of the Tariff Act of 1930 and provide a report that contains its advice as to the probable economic effect of providing DFQF treatment for imports of LDCs as outlined in the decision on proposal 36 in Annex F of the Hong Kong Ministerial Declaration on (i) industries in the United States producing like or directly competitive products (ii) consumers, and (iii) imports under U.S. preference programs (as specified below), and (iv) imports from our free trade agreement (FTA) partner countries. This advice should consider each article in chapters 1 through 97 of the Harmonized Tariff Schedule of the United States (HTS) for which U.S. tariffs or tariff-rate quotas remain, and preferential tariff treatment currently being provided to LDCs under the African Growth and Opportunity Act, and the Caribbean Basin Initiative programs and that could be provided under the Generalized System of Preferences once Congress renews that program. The advice should be based on the 2010 HTS nomenclature, and trade and tariff rate data for that year. Further, the advice should be provided at the 8-digit HTS level, or the lowest level of aggregation feasible. The advice should also take into account the 2007 advice, and any appropriate comparisons between the data. To the extent possible, the Commission should also evaluate articles in chapters 50 through 63 to identify (i) products not currently imported from LDCs for which imports could potentially increase following DFQF access and (ii) the possible effect of trade diversion on U.S. imports from countries with which the United States has FTAs or preferential trade programs, including countries to which the United States is a major exporter of yarns and fabrics.

I request that the Commission provide its report on these matters as soon as possible, but no later than eight months after the date of receipt of this letter. I consider the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative

process privilege. In addition, all confidential business information contained in the report should be clearly identified. The report should be classified and marked in accordance with Section 1.6 of Executive Order 13526. The sections of the report that contain the Commission's probable economic effect advice and the products identified in the Commission's evaluation of articles in the HTS chapters 50 through 63, as well as other information that would reveal any aspect of the probable economic effects advice, should be classified as Confidential pursuant to Section 1.4(e) of Executive Order 13526. The initial period of classification for these sections is ten years from the date of your report. Continued classification of these sections beyond that time period is subject to periodic review by the original classifying authority. Any background information, data in a form already available to the public, and other portions of the report that do not provide or reveal aspects of the probable economic effect advice, supporting analysis, products identified in the evaluation of articles in HTS chapters 50 through 63, or any conclusions, should not be classified. The probable economic effect advice, the probable economic effect model results, the non-public data used in the model, and the model parameters as a whole, for example, would normally be classified Confidential. Chapters containing general overviews of markets within, or trade between, the United States and its trading partners, the positions of interested parties, previously released public documents (e.g., the request letter and notices published in the Federal Register), and tables containing public data (unless the selection of data on the table would reveal the probable economic effect advice or products identified in the evaluation of articles in HTS chapters 50 through 63) should be unclassified. Deputy U.S. Trade Representative Michael Punke should be listed as the Original Classifying Authority for this report.

The Commission's assistance in this matter, and its continuing cooperation and support for our negotiating efforts, are greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Ron Kirk", written over a large, stylized flourish that starts with a large loop and extends across the line.

Ambassador Ron Kirk