Withdrawn/Redacted Material
The George W. Bush Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Memorandum	Doha Development Agenda - To: POTUS - From: Ambassador Susan C. Schwab	6	N.D.	P1/b1; P5;
002	Memorandum	Tariff Preference Programs - To: POTUS - From: Ambassador Susan C. Schwab	12	N.D.	P1/b1; P5;
003	Memorandum	Regional Efforts - To: POTUS - From: Ambassador Susan C. Schwab	8	N.D.	P1/b1; P5;
004	Memorandum	Monitoring and Enforcement - To: POTUS - From: Ambassador Susan C. Schwab	7	N.D.	P1/b1; P5;
005	Memorandum	Intellectual Property Rights - To: POTUS - From: Ambassador Susan C. Schwab	6	N.D.	P1/b1; P5;
006	Memorandum	Trade with China - To: POTUS - From: Ambassador Susan C. Schwab	7	N.D.	P1/b1; P5;

COLLECTION TITLE:
Staff Secretary, White House Office of the

SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)

FRC ID:
13895

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

UNITED STATES TRADE REPRESENTATIVE

A TIMELINE (2001-2008)

THE WHITE HOUSE
WASHINGTON

BUSH RECORD

POLICY MEMOS

1. Doha Development Agenda
2. WTO Accessions
3. Tariff Preference Programs
4. Regional Efforts
5. Agriculture
6. Monitoring and Enforcement
7. Environment
8. Economic and Trade Policy
9. Free Trade Agreements
10. Bilateral Investment Treaties
11. Intellectual Property Rights
12. Trade Promotion Authority
13. China

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Doha Development Agenda - To: POTUS - From: Ambassador Susan C. Schwab	6	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the
SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos
FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)
FRC ID:
13895
OA Num.:
14458
NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL

THE WHITE HOUSE
WASHINGTON

INFORMATION

MEMORADUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Accessions to the World Trade Organization (WTO)**

THE SITUATION AS WE FOUND IT

Since the 1947 founding of the GATT, Administrations have used countries' interest in acceding to the multilateral trading system to further the United States' trade policy goals. With the establishment of the World Trade Organization (WTO), this strategy expanded to include the much broader scope of the provisions and market access requirements of the WTO Agreements. Continuity of support for this approach was confirmed as your Administration completed the multilateral negotiations for the terms of WTO accession for China that were subsequently approved by WTO Ministers in November 2001. These negotiations built on the bilateral market access agreement concluded and Congressional approval of permanent normal trade relations (PNTR) granted during the Clinton years.

THIS ADMINISTRATION'S POLICY

In addition to its role as the forum for developing international trade rules and for settling trade disputes, the WTO is recognized as the venue for multilateral trade negotiations. These include the Uruguay Round, which created the WTO, and the Doha Development Agenda, which is currently being negotiated. Less well known are the ongoing negotiations required for countries seeking to become WTO Members. These negotiations between a country seeking to join the WTO and current WTO Members establish the terms for the applicant's accession to the WTO. A country must negotiate market access commitments in goods and services with current Members, and establish how it will bring its trade regime into compliance with WTO rules.

From the outset, the Administration has seen the WTO Accession process as a means to expand economic opportunities for developing countries and promote wide ranging economic reforms, including advancing the rule of law and transparency. In the case of China and the countries of the former Soviet Union and former Yugoslavia, this strategy included assisting former Communist and Socialist economic regimes to transform themselves and become integrated into the global economy.

The WTO accession process, with its emphasis on aspiring countries' implementation of WTO rules and establishing stable and predictable market access for goods and services, provides a proven framework for the adoption of market-based policies and practices that encourage trade and investment and promote growth and development. In addition, the accession process expands the rule of law and strengthens the international trading system by ensuring that new Members understand and implement WTO rules from the outset. The accession process also offers current WTO Members the opportunity to increase their market access for goods and services exports in acceding countries, to establish an appropriate level of initial WTO obligations, and to address outstanding trade issues covered by the WTO Agreement in a multilateral context.

WHAT HAS BEEN ACCOMPLISHED

WTO Accession Process -- The Administration has been very active in accession negotiations. The terms of WTO accessions are shaped in large part through our negotiating market access commitments bilaterally with the governments of aspiring countries. The United States also works to ensure that the applicant country implements the multilateral obligations that it will assume on the day it joins the WTO. The United States has provided extensive technical assistance to many of the applicants to facilitate implementation efforts.

WTO accession negotiations provide an excellent opportunity for the United States (and other current WTO Members) to address existing problems in the bilateral trade relationship, i.e., areas where a WTO accession applicant's current practice is not consistent with WTO rules. In addition, the bilateral negotiations for market access commitments on goods and services create new market opportunities for U.S. farmers, businesses and workers. In practical terms, it is an opportunity for the United States to secure lower tariffs and liberalization of restrictions on priority products and market access for service providers without making concessions. For its part, the acceding country knows that Members will apply WTO provisions to its exports and services. This provides an incentive for domestic reform that extends beyond the economic to transparency and rule of law.

The Administration has played a major role in the negotiations leading to WTO Membership for several major U.S. trading partners:

- The terms for **China's** membership in the WTO, required China to liberalize trade in a broad range of goods and services, with most commitments implemented within 5 years of China's accession in December 2001.
- **Taiwan** became a Member of the WTO in 2002. Membership in the WTO helped to open an emerging market and to provide a significant opportunity for Taiwan to participate in a major international organization.
- **Saudi Arabia**'s WTO accession in 2005 supported King Abdullah's plans for economic reform and expansion of non-petroleum investment and employment in the Kingdom.
- **Vietnam** became a Member of the WTO in 2007. The terms for Vietnam's membership build on the United States-Vietnam Bilateral Trade Agreement. WTO Membership provided the basis for complete normalization of our bilateral relations with Vietnam.
- **Ukraine** became a Member of the WTO in 2008 on terms that confirm Ukraine's intent to align its economic future with western economies and to build its future development on a market-oriented foundation.

During this Administration's tenure, the number of WTO Members grew from 140 to 153. Negotiations are ongoing with several countries. The **Russian Federation** is the most significant economy outside of the WTO. In connection with Russia's accession negotiations, in 2006 the United States concluded bilateral WTO market access agreements on goods and services and other bilateral agreements on SPS measures, protection of intellectual property rights, requirements for importing goods with encryption capability, and financial services. Implementation of aspects of the 2006 bilateral agreement remains a concern. Multilateral negotiations on Russia's application of WTO rules are in an advanced stage.

The results of these and other accession negotiations broadly supported both economic and other U.S. policy goals. WTO Membership has resulted in closer economic relations with these economies, a better environment for both domestic and U.S. foreign investment, lower tariffs on U.S. exports to important markets and expanded access for U.S. service providers in key sectors overseas, e.g., telecommunications, banking, insurance, distribution, computer, air courier, audio-visual, waste management, and business and professional services. The United States and other WTO Members have also developed procedures to streamline the accession of least developed countries to give them access to the international trade community on appropriate terms.

FUTURE CHALLENGES

Bilateral and/or multilateral WTO accession negotiations continue with twenty-nine countries, most prominently with Russia and Kazakhstan. While Russia will present unique challenges and difficulties in the negotiations as well as in obtaining PNTR approval from Congress, it will clearly be the most important accession negotiation ongoing for the new Administration. Other active negotiations include Afghanistan, Algeria, Azerbaijan, Bhutan, Bosnia/Herzegovina, Ethiopia, Iraq, Laos, Lebanon, Montenegro, Samoa, Serbia, Tajikistan, Uzbekistan and Yemen. Global economic issues will complicate the negotiations, as countries find it politically difficult to lower trade barriers in hard economic times. Currently inactive in the accession process, Iran and Syria are seeking WTO Membership and will likely push for action on their requests with the new Administration.

Timeline of USTR Accomplishments & Milestones
Completed WTO Accession Negotiations

2001

- **May** – Moldova's Accession to WTO Approved by General Council
- **May** – Lithuania becomes a WTO Member
- **July** – Moldova Becomes a WTO Member
- **November** – China's Accession to WTO Approved by Ministerial Conference
- **November** – Chinese Taipei's (Taiwan) Accession to WTO Approved by Ministerial Conference
- **December** – China becomes a WTO Member

2002

- **January** – Chinese Taipei (Taiwan) becomes a WTO Member
- **October -** Macedonia's Accession to WTO Approved by General Council
- **December** – Armenia's Accession to WTO Approved by General Council

2003

- **February** – Armenia Becomes a WTO Member
- **April** – Macedonia Becomes a WTO Member
- **September** – Cambodia's Accession to WTO Approved by General Council
- **September** – Nepal's Accession to WTO Approved by General Council

2004

- **April** – Nepal Becomes a WTO Member
- **October** – Cambodia Becomes a WTO Member

2005

- **November** – Saudi Arabia's Accession to WTO Approved by General Council
- **December** – Saudi Arabia Becomes a WTO Member
- **December** – Tonga's Accession to WTO Approved by General Council

2006

- **November** – Vietnam's Accession to WTO Approved by General Council

2007

- **January** – Vietnam Becomes a WTO Member
- **July**—Tonga Becomes a WTO Member
- **December** – Cape Verde's Accession to WTO Approved by General Council

2008

- **February –** Ukraine's Accession to WTO Approved by General Council
- **May** – Ukraine Becomes a WTO Member
- **July** – Cape Verde Becomes a WTO Member

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Tariff Preference Programs - To: POTUS - From: Ambassador Susan C. Schwab	12	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the
SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos
FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)
FRC ID:
13895
OA Num.:
14458
NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Regional Efforts - To: POTUS - From: Ambassador Susan C. Schwab	8	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the
SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos
FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)
FRC ID:
13895
OA Num.:
14458
NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL

THE WHITE HOUSE
WASHINGTON

<u>INFORMATION</u>

MEMORANDUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Agricultural Trade Policy**

SITUATION AS WE FOUND IT

When you took office in January 2001, the North American Free Trade Agreement (NAFTA) had been in effect for 7 years with the full implementation of U.S. commitments on our most sensitive agricultural commodities still in the future. Besides NAFTA, the only other free trade agreement the United States had in effect in early 2001 was with Israel. The World Trade Organization (WTO) ministerial meeting in Seattle in 1999 highlighted the inability of WTO members to reach agreement on initiating a new round of negotiations, with agriculture being a key stumbling block.

THIS ADMINISTRATION'S POLICY

Opening markets for U.S. agricultural exports through bilateral and regional agreements, multilateral negotiations and dispute settlement has been one of this Administration's chief trade policy priorities. As noted above, when you took office in 2001, the United States had free trade agreements (FTAs) in effect with just three countries: Israel, Canada and Mexico. Under your Administration we put FTAs into force with 13 additional countries, providing U.S. farmers and ranchers enhanced access to key overseas export markets. In addition, this Administration has prioritized addressing foreign agricultural regulatory barriers that hampered the ability of U.S. producers and exporters to compete in important foreign markets. Specifically, we have encouraged trading partners to base their import requirements on science and international standards, such as on Bovine Spongiform Encephalopathy (BSE). The Administration also believes strongly in utilizing the mechanisms of the global trading system to advance the interests of U.S. farmers and ranchers. We have worked extensively in the WTO to facilitate the accession of new members and, when necessary, to defend the interests of American agricultural producers through the WTO dispute resolution process.

WHAT HAS BEEN ACCOMPLISHED

The effectiveness of the Administration's concerted efforts to eliminate trade barriers and enhance export opportunities for U.S. farmers and ranchers are reflected in significant increases in agricultural exports that have occurred during your time in office. Total U.S. exports of agricultural goods have risen from $53.0 billion in 2000 to $92.4 billion in 2007, an increase of

74 percent. A detailed review of the progress and accomplishments achieved through the Bush Administration's agricultural trade policy follows.

Agriculture and FTAs -- The agriculture packages in FTAs negotiated by your Administration grant substantial new access for U.S. farmers and ranchers to Western Hemisphere (Chile, CAFTA-DR countries, Peru, Colombia, and Panama), Middle Eastern (Morocco, Bahrain, and Oman), and Asian (Singapore, Australia, and South Korea) markets. These packages provide for the elimination of both traditional barriers to agricultural trade, *e.g.*, tariffs and quantitative restrictions, as well as key regulatory obstacles, *e.g.*, non-science-based sanitary and phytosanitary (SPS) measures and unjustified technical standards. As a testament to the fact that FTAs open markets and create enhanced opportunities for U.S. farmers and ranchers, exports of U.S. agricultural goods to the to the 11 trading partners with which this Administration has implemented FTAs prior to 2008 have grown from $2.2 billion in 2000 to $4.6 billion in 2007 (simple comparison of agriculture exports to 11 countries in 2000 vs. agriculture exports to same countries in 2007), an increase of 111 percent. In addition, the three FTAs negotiated by the Administration that still await congressional approval hold the promise of significant additional benefits for the U.S. agricultural concerns. According to the American Farm Bureau Federation, FTAs with Colombia, Panama and South Korea, when fully implemented, could raise U.S. farm exports to these countries by as much as $2.6 billion each year.

Addressing Regulatory Barriers -- This Administration has secured recognition of the equivalence of the U.S. meat and poultry inspection systems by Peru, Colombia, Panama, Vietnam, and the Central American countries, as well as import rules consistent with international standards, such as on BSE in Canada, Peru, Colombia, Panama, Guatemala, Honduras, Jamaica, Barbados, the Philippines, Indonesia, Jordan, Bahrain, Kuwait, Oman, Saudi Arabia, and the United Arab Emirates. In addition, in April 2008, the United States and Korea agreed on a beef import protocol that is fully consistent with international scientific standards and that opens the Korean market to U.S. beef of all cuts and all ages. The protocol went into effect in June 2008. As a temporary confidence-building measure, Korean importers and U.S. beef exporters reached a commercial understanding that beef from animals 30 months of age and over would not be exported to Korea until Korean consumer confidence in the safety of U.S. beef improves. In 2003, prior to the first case of BSE found in the United States, total U.S. exports of beef and beef products were $3.86 billion, which fell to a low of $808 million in 2004. Through the Administration's efforts, total U.S. exports of beef and beef products in 2007 reached $2.62 billion and in the first eight months of 2008, exports were $2.36 billion, 41.1 percent more than the same period in 2007.

Negotiations in the WTO – Your Administration has also advanced agricultural trade goals through WTO negotiations and dispute settlement. The Doha Development Agenda (DDA) has been and remains a top Administration priority. In the context of WTO accessions, the U.S. Government reached agreements with Russia (an export market of over $1 billion export market for U.S. agricultural products) addressing long-standing issues, including plant inspections, trichinae in pork, and biotechnology, that have impeded trade in a wide array of U.S. agricultural goods. In connection with Vietnam's joining the WTO in January 2007, Vietnam's tariffs on more than 75 percent of U.S. agricultural exports were reduced to bound rates of 15 percent or less (down from average applied rates of 27 percent), thereby reducing barriers to products ranging from cotton to meat and dairy to horticulture. Ukraine's accession to the WTO in May 2008, with an average bound tariff in agriculture of 10.8 percent, also will provide expanded market access for several U.S. agricultural products, including poultry, pork, and beef.

Mexico and NAFTA -- On January 1, 2008, Mexico completed its implementation of its NAFTA obligations and eliminated remaining tariffs on all of its most sensitive agricultural products, including corn, beans, milk powder and poultry. Because of the preferential access provided by the NAFTA, the United States is by far the largest supplier of these and many other commodities to Mexico. Mexico has also benefitted tremendously from its preferential access to the U.S. agricultural market. Trade growth in agricultural products has been very balanced since the NAFTA entered into force in 1994, with U.S. exports to Mexico increasing by $9 billion through 2007, and U.S. imports from Mexico increasing by more than $8 billion.

WTO Litigation -- In WTO dispute settlement, the United States has prevailed in a wide variety of cases we brought challenging barriers to U.S. farm exports, including challenges of: Europe's moratorium on approvals for agricultural biotechnology, and ban on the use of growth promoting hormones in beef; Japan's unjustified phytosanitary restrictions on U.S. apples; Canada's grain handling and transportation practices, and export subsidies on dairy products; Mexico's soft drink tax and antidumping orders on U.S. rice; and Turkey's import restrictions on U.S. rice.

Key Bilateral Product-Specific Agreements -- In addition, the Administration has concluded three agreements on wine, including one with Europe, an understanding with Mexico resolving long-standing issues in sweeteners trade, and an arrangement with Canada on trade in potatoes. We also concluded a rice agreement with Korea under the WTO that provides guaranteed market access for 50,000 metric tons of U.S. rice annually, allows U.S. exporters to compete for additional quantities under the global portion of Korea's rice quota, and requires Korea to distribute a growing share of U.S. rice to consumers, rather than selling it for industrial use.

FUTURE CHALLENGES

Going forward, it will be vital for Congress to approve the Colombia, Panama, and Korea FTAs to secure new market access for U.S. agricultural exporters, and for the United States to lead in securing an agreement on modalities for the Doha Round agriculture negotiations. At the same time, it will remain important to pursue new market openings for U.S. agricultural exports in bilateral and plurilateral negotiations and high-level dialogues, including with China, Japan, India, Malaysia, and Europe, while working to ensure the full and faithful implementation of agriculture-related commitments in existing agreements such as the NAFTA and other FTAs. Finally, the elimination of non-science-based SPS measures and other unjustified regulatory barriers should remain a centerpiece of U.S. agricultural trade strategy.

Agriculture has traditionally been a strong supporter of trade agreements, including negotiations in the WTO to open new markets for agricultural products and discipline trade-distorting subsidies, but events in the past years appear to have tempered this broad-based support for assuming new WTO obligations. Livestock and poultry producers, who do not receive subsidies, remain strong proponents of opening markets through WTO negotiations. However, crop producers appear to have had second thoughts about negotiations that could lead to disciplines on their subsidies. The 2002 and 2008 Farm Bills reversed the movement away from trade-distorting support implicit in the 1996 Farm Bill. You vetoed Congress's initial 2008 Farm Bill, in large part because of concerns about the potentially high level of subsidies envisioned in that Bill. The successful Brazilian challenge to the U.S. cotton program in the WTO plus the great political importance that African countries have placed on reducing U.S. cotton supports has made cotton, along with other U.S. subsidy programs, a focal point in the WTO and in the broader political arena.

Timeline of USTR Accomplishments
Agriculture

2001

- **June** – The United States wins its case before the World Trade Organization WTO) that challenged Mexico's imposition of antidumping duties on imports of high fructose corn syrup (HFCS) from the United States. The WTO dispute settlement panel found that the steps Mexico had taken to comply with an earlier adverse WTO panel ruling were insufficient.
- **September** – Government of South Korea announces that it has adopted measures abolishing restrictions on imported beef which abolish a dual retail system for imported and domestic beef which excluded imported beef from 90 percent of Korean stores that sell beef. The Government of South Korea's actions followed WTO panel and Appellate Body rulings that found the Korean measures inconsistent with its WTO obligations.
- **October** – The WTO Appellate Body affirms the WTO panel's conclusion from June that Mexico's imposition of antidumping duties on imports of HFCS from the United States is inconsistent with the requirements of the WTO Antidumping Agreement. The Appellate Body rejected Mexico's appeal of the panel's decision.
- **November** – United States reaches a favorable resolution in a dispute with Belgium on import duties for milled rice.
- **December** – The United States wins its case before the WTO that challenged Canadian dairy export subsidies. The WTO dispute settlement panel found that the steps Canada took to address an earlier adverse ruling regarding its dairy export practices were insufficient.

2002

- **June** – A second WTO dispute settlement panel finds that Canada is still illegally subsidizing its dairy industry even after restructuring its dairy export practices. The dispute settlement panel concluded that Canada had not properly implemented the findings of an earlier WTO panel.
- **July** – Australia's market is opened to U.S. grapes after resolution of a decades-long import ban.
- **November** – United States and EU reach agreement on continuation of margin of preference import system for grains.
- **November** – The United States ratifies an Agreement on Mutual Acceptance of Oenological Practices (wine-making practices) with Canada, and subsequently with Australia, New Zealand, Chile and Argentina.

2003

- **May** – The United States reaches a settlement with Canada resulting in major revisions to Canada's subsidy programs for its dairy exports. This settlement resolves the WTO case won by the United States that ruled that Canada was continuing to provide illegal subsidies to its dairy industry.

- **July** – The United States wins a WTO dispute settlement panel that Japan's import restrictions on U.S. apples are not justified and are in breach of Japan's WTO obligations.
- **December** – The United States wins a WTO Appellate Body decision that upheld earlier panel findings that Japan's import restrictions on U.S. apples are not justified and are in breach of Japan's WTO obligations.

2004

- **April** – WTO panel finds that Canada's grain distribution and handling violates Canada's WTO obligations.
- **December** – United States and Korea reach agreement on improved market access for U.S. rice under the WTO.

2005

- **March** – Agreement is reached between United States and the EU on applied duties for husked rice.
- **August** – After a second successful WTO challenge, Japan removes unjustified phytosanitary restrictions on U.S. apples.
- **October** – The United States wins a WTO panel which finds Mexico's beverage tax on drinks made with imported sweeteners (such as high-fructose corn syrup and beet sugar) while beverages made with Mexican cane sugar are tax-exempt, are discriminatory and contrary to WTO rules.

2006

- **March** – United States and EU sign new wine agreement.
- **March** – The United States wins a WTO Appellate Body decision that Mexico's beverage tax on drinks made with imported sweeteners are discriminatory.
- **May** – Vietnam recognizes the equivalence of the U.S. meat and poultry inspection system.
- **July** – The United States and Mexico reached an agreement on bilateral market access for sweeteners for the period prior to the full implementation of NAFTA on January 1, 2008.
- **September** –Mexico revokes antidumping duties on U.S. long grain white rice. Mexico took this action after the World Trade Organization (WTO) agreed with the United States that the duties were contrary to WTO rules.
- **November** – The United States and the Russian Federation reach agreement on trade in biotechnology, beef and pork and on meat plant inspections, as part of Russia's accession to the WTO.
- **November** -- Colombian and Peruvian markets fully opened to U.S. beef pursuant to bilateral agreements reached in August and October 2006.
- **December** -- United States and Panama reach broad agreement eliminating long-standing regulatory barriers to trade in range of agricultural products (agreement fully implemented by end of February 2007).

2007

- **January** – Mexico repeals 20 percent tax on soft drinks and other beverages made with imported sweeteners.
- **January** – The United States signs an agreement on Requirements for Wine Labeling with Argentina, Australia, Canada, Chile and New Zealand.
- **July** – Canada fully opens market to U.S. beef consistent with international standards for BSE.
- **October** -- Canada and the United States signed an arrangement to facilitate bilateral trade in potatoes by improving access to each others' markets and reducing various compliance costs for industry. (Implemented November 2007)
- **November** – The Philippines fully opens market to U.S. beef consistent with international standards for BSE.

2008

- **January** – NAFTA fully implemented on January 1 – all remaining U.S. and Mexican tariffs and tariff-rate quotes on agricultural products end.
- **January** – Indonesia fully opens market to U.S. beef consistent with international standards for BSE.
- **March** – A WTO dispute settlement panel found the revised EU ban on hormones to be WTO-inconsistent and scientifically unjustified.
- **April** – South Korea and the United States agree on protocol that is fully consistent with international scientific standards and opens the Korea market to U.S. beef of all cuts and all ages. [Note in June: U.S. exporters and Korean importers reached a commercial understanding on a transitional basis to only sell U.S. beef under 30 months until Korean consumer confidence improves.]

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Monitoring and Enforcement - To: POTUS - From: Ambassador Susan C. Schwab	7	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the
SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos
FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)
FRC ID:
13895
OA Num.:
14458
NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORADUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Environment**

THE SITUATION AS WE FOUND IT

At the start of the Bush Administration, efforts to leverage trade negotiations to address environmental objectives were still in their infancy. The first U.S. free trade agreement (FTA) since NAFTA -- with Jordan -- contained few environmental provisions. The new World Trade Organization (WTO) was only engaged in theoretical discussions on the relationship between trade and the environment. Beyond FTAs and the WTO, there had been no important initiatives to advance the cause of sustainable development in U.S. trade relationships.

THIS ADMINISTRATION'S POLICY

U.S. policy changed significantly in 2001 with the launch of the Doha Round of WTO multilateral trade negotiations and, subsequently, with the inclusion of new environment chapters in every FTA initiated by the Bush Administration. These advancements inspired efforts to identify additional avenues for pursuing environmental objectives, such as new agreements on illegal logging and associated trade, and improvements to outdated international commodities agreements.

At the core of the Administration's trade policy is the belief that good trade policies can encourage sound environmental policies. Also, in addition to obligations in FTAs, the Administration has pursued policies that foster cooperation and advance capacity building to assist developing countries that are still improving their levels of environmental protection.

WHAT HAS BEEN ACCOMPLISHED

In the course of the past seven years, the Administration has taken unprecedented steps to address environmental objectives through trade negotiations and agreements. These efforts have been wide-ranging, including multilateral, regional and bilateral initiatives. A summary of steps taken by the Bush Administration to leverage trade negotiations in order to advance global environmental protection and conservation follows.

Inclusion of Environmental Negotiating Mandates in the WTO -- On the multilateral front, the United States endorsed the launch of the Doha Round in November 2001 with the inclusion of first-ever "win-win-win" mandates that promised gains for trade, environment, and development. These mandates included trade liberalization for environmental goods and services, disciplines on harmful fisheries subsidies that contribute to overcapacity and over-fishing, and clarification of the WTO's relationship with multilateral environmental agreements (MEAs).

The United States has been a leader in the WTO Doha Development Agenda (DDA) negotiations to eliminate barriers to trade in critical environmental technologies such as clean energy, wastewater management and air pollution control. In 2006, the Administration put forward a detailed list of more than 200 products across the spectrum of environmental technologies for trade liberalization. In parallel, the United States pressed for elimination of restrictions on environmental services. Subsequently, the United States joined with eight other delegations in consolidating products of interest into a "convergence list."

Prior to the Conference of the Parties under the UN Framework Convention on Climate Change in Bali in November 2007, the United States joined the EU in developing and introducing a WTO proposal for an innovative environmental goods and services agreement (EGSA). This proposal highlighted the opportunity to remove barriers to trade in a specific set of climate-friendly technologies and services such as solar panels, fuel cells, and wind turbines. A recent World Bank study on climate and clean energy technologies suggests that by removing tariffs and non-tariff barriers to key technologies, trade in these products could increase by an additional 7 percent to 14 percent. A corresponding increase in the use of such technologies and services could contribute significantly to global efforts to address climate change and energy security. To build support for our proposal, the Administration worked in 2007 and 2008 within APEC to advance an agenda on environmental goods and services, as endorsed by APEC Leaders. We also attempted to use multiple bilateral encounters to interest China, in particular, to take a more active role in promoting the elimination of trade barriers in environmental technologies.

In the WTO Doha negotiations, the United States has joined forces with like-minded countries such as New Zealand, Chile, and Argentina to eliminate harmful subsidies to overfishing. The United States offered the first detailed draft text for a new WTO agreement on fisheries subsidies in the spring of 2007. This groundbreaking proposal calls for prohibition of all subsidies that contribute to marine fishing fleet overcapacity and over-fishing -- a clear "win-win-win" for trade, the environment, and sustainable development. These efforts have won praise from many environmental non-governmental organizations and were reinforced in 2007 by bipartisan House and Senate resolutions that called for continued U.S. leadership in these negotiations.

Improving on the NAFTA Model in Negotiating Environment in FTAs -- On the regional and bilateral front, the Trade Act of 2002 established for the first time that enforcement of environmental laws would be among the core objectives in the negotiation of free trade agreements. The FTAs concluded during this Administration demonstrate that good trade policies can encourage sound environmental policies. In cases where developing country trading partners might lack the resources for robust enforcement of environmental laws -- such as the CAFTA-DR countries -- the Administration adopted models of cooperation and capacity building to assist them.

In 2007, the link between trade and environmental policy was strengthened in the Bipartisan Agreement on Trade Policy of May 10. Pursuant to that Agreement, the United States worked with the governments of Peru, Colombia, Panama, and Korea to include in our FTAs with those countries new obligations to implement several important multilateral environmental agreements (MEAs), such as those covering endangered species and marine pollution. Additionally, as a result of the May 10 Bipartisan Agreement, all obligations in the environment chapters of these FTAs are subject to the same dispute settlement provisions as those governing all other chapters.

The Peru FTA, and the FTA signed with Colombia that is awaiting consideration by Congress, both include groundbreaking provisions in the environment chapters with commitments to protect biodiversity. These environment chapters, like that in the CAFTA-DR, also require the establishment of an independent secretariat to receive public submissions on environmental enforcement matters.

A particular area in which the United States has used the leverage of bilateral free trade agreement negotiations to advance specific environmental objectives is illegal logging and associated trade. The Peru FTA Environment Chapter includes a first-ever Annex on Forest Sector Governance. This Annex recognizes the environmental and economic consequences of trade associated with illegal logging and illegal trade in wildlife. The Annex lays out concrete steps to enhance forest sector governance in Peru and to promote trade in timber and timber products from legally-harvested sources.

Initiatives on Illegal Logging and Trade -- In parallel with our approach to the environment in FTAs and interest in addressing the specific challenge of illegal logging, the Administration concluded first-ever agreements – memoranda of understanding (MOUs) – with Indonesia (2006) and China (2007) to combat illegal logging and associated trade.

The MOU with Indonesia established a working group under the existing United States-Indonesia Trade and Investment Framework Agreement (TIFA) to share information on timber trade, including information on illegally-produced timber products, and provided for cooperation in law enforcement activities. The United States committed $1 million to fund related projects, such as training for customs and law enforcement officials, assistance for Indonesia's efforts to develop legality standards (including methods to distinguish legal from illegal timber), and enhancing partnerships with NGOs and the private sector. Forests are a major factor in the global effort to address climate change, with deforestation worldwide accounting for approximately 20 percent of greenhouse gas emissions. Indonesia is included among the "Major Economies" established under your climate change initiative due to the carbon emissions associated with deforestation.

The MOU with China, concluded on the margins of the Fourth U.S.-China Strategic Economic Dialogue in December 2007, established a framework for cooperation, particularly with respect to information exchange and coordinated international efforts to address illegal logging problems in third countries. Our two countries convened the first meeting of the Bilateral Forum established under the MOU in June 2008 and agreed to develop a formal mechanism for exchanging information that can contribute to more transparent trade in timber products. The MOU, with its focus on the parallel roles of the United States and China as two of the largest importers and exporters of timber products, will provide important support for third countries seeking to manage their forests in a sustainable manner and to promote trade in products from legally-sourced timber.

Reorienting International Commodities Agreements Towards Sustainable Development -- In addition to developing and sponsoring major WTO- and FTA-related initiatives that simultaneously address trade and environmental policy objectives, the United States led efforts in two important international commodity agreements to ensure that sustainable development is reflected in their activities. Upon rejoining the International Coffee Organization (ICO) in 2006, the United States spurred negotiations to conclude a new, reformed International Coffee Agreement (ICA). These negotiations were completed in September 2007, and as a result, the ICO will be able to demonstrate the role of international commodity organizations in facilitating international trade and sustainable development in economic, social and environmental terms and in a manner consistent with market principles. Additionally, in 2006, the United States pressed for conclusion of a new International Tropical Timber Agreement to ensure that it can complement other national, regional, and international efforts (including those described above) to address illegal logging, as set forth in the President's Initiative Against Illegal Logging (PIAIL).

FUTURE CHALLENGES

It will be critical to build on the accomplishments of your Administration with new initiatives, particularly given tenuous public support for further trade liberalization. Good results on the environment can transform skeptics into advocates for trade liberalization. The challenge is to guard against circumstances in which the cause of protecting the environment provides cover for protectionist actions by countries. The next battleground that will bring these pressures to bear will almost certainly involve action to address climate change, nationally and internationally. Continued U.S. leadership will be critical to ensure that environmental interests and trade liberalization advance in parallel and remain mutually reinforcing. In the absence of that, the risks of clashes that undermine pursuit of both interests will grow.

Timeline of USTR Accomplishments and Milestones

Environment

2001

- **November** – First ever WTO negotiating mandates on environment in Doha Declaration: trade liberalization for environmental goods and services; elimination of harmful fisheries subsidies; and clarification of the relationship between the WTO and multilateral environmental agreements.

2002

- **August** – Passage of Trade Promotion Act of 2002 with specific statutory guidance on negotiating environmental objectives in multilateral and free trade agreements.

2006

- **November** – Ambassador Schwab signs Memorandum of Understanding on Illegal Logging and Associated Trade with Indonesia.

2007

- **April** – U.S. comprehensive text proposal on new fisheries subsidies disciplines in WTO Doha negotiations.

- **April** – United States and eight other countries table "convergence list" of environmental goods for elimination of tariff and non-tariff barriers.

- **May** – Bipartisan Agreement with Congress on environmental provisions in FTAs for Peru, Colombia, Panama and South Korea, including forest reforms in Peru.

- **September** – Conclusion of negotiations on a new International Coffee Agreement, less than two years after the United States reentered the International Coffee Organization.

- **November** – United States and European Union propose trade liberalization for "climate-friendly" technologies and negotiation of an "Environmental Goods and Services Agreement."

- **December** – Conclusion of Memorandum of Understanding with China on Illegal Logging and Associated Trade at Fourth SED Meeting.

2008

- **June** – First meeting of the U.S.-China Bilateral Forum on Illegal Logging and Associated Trade.

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORADUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Economic and Trade Policy Overview**

THE SITUATION AS WE FOUND IT

During the 1990s, Republican and Democratic administrations successfully negotiated – and Congress ultimately approved – two significant trade pacts, the North American Free Trade Agreement and the Agreement Establishing the World Trade Organization (WTO), which concluded the Uruguay Round. In the seven years following the conclusion of the WTO Agreement, however, there was only limited activity on either the bilateral or multilateral trade fronts (with the exception of legislation granting China PNTR and the enactment of the African Growth Opportunity Act). This was due in part to rising protectionist pressures and Congress' failure to reenact "fast-track" procedures, which had previously ensured that trade agreements could be submitted to a straight up-or-down vote. By the beginning of 2001, the United States was a party to just two free trade agreements (FTAs), the most recent of which (NAFTA) had entered into force in 1994. Throughout the 1990s, other countries continued to negotiate preferential bilateral and regional trade agreements while the United States remained on the sidelines – at a potential cost to long-term U.S. economic strength and security.

THE ADMINISTRATION'S POLICY

You took office with a vision that knocking down barriers to trade could help alleviate poverty, generate prosperity, and promote economic and political freedom around the world. Heavily restricted markets, in contrast, not only inhibit trade but also distort decision making throughout an economy, misallocate and waste resources, reduce productivity and economic growth potential, needlessly tax living standards and ultimately threaten political as well as economic freedom. Acting on your vision for a better future, the Administration set out on a trade liberalizing agenda that helped total U.S. goods and services trade (exports plus imports) with the world grow from $2.5 trillion in 2000 to $4.6 trillion in 2008 (annualized from the first 9 months), an increase of 81 percent.

In implementing your vision, the Administration's trade policy focused not only on additional full multilateral liberalization through the World Trade Organization, but also, and to an unprecedented extent, on regional and bilateral for FTAs around the world. Several trade-related factors contributed to this new focus. The Administration sought to pursue all opportunities for achieving the maximum degree of trade liberalization. This required full commitment at all three negotiating levels: bilateral, regional and multilateral. This multi-pronged approach also offered synergistic opportunities where U.S. efforts in one negotiation could fuel progress in others. There had also been a proliferation of bilateral and multilateral agreements by countries other than the United States, prior to the Administration taking office. Few of these non-U.S. agreements met the high standard of covering essentially all trade and some were more effective at diverting non-partner trade than in creating new trade. The Administration sought to reap the maximum benefit for the United States and its FTA partners, as well as set a positive example for others, by negotiating high quality, comprehensive agreements covering essentially all trade.

WHAT HAS BEEN ACCOMPLISHED

Increased imports have provided consumers with more choices and better prices while providing U.S. companies with high-quality, low-cost inputs to increase their production, productivity, and competitiveness. United States imports from the world have increased by 82 percent, from $1.45 trillion in 2000 to $2.6 trillion in 2008 (annualized). Meanwhile, expanding exports have been a key catalyst to the sustained growth experienced by the U.S. economy over the eight years, including in the difficult economic environment of 2007/2008. From 2000 to 2008 (annualized), U.S. exports to the world increased by 80 percent, from $1.1 trillion to $1.9 trillion today, the United States, while continuing to work with other WTO members toward a successful conclusion of the Doha Development Agenda, is now a party to FTAs with 20 around the world.

The Bilateral and Multilateral Trade Liberalizing Agenda. The terrorist attacks on September 11, 2001 dealt a severe blow to the world's economic health. In an effort to help revitalize the global economy and defy those who advocate political repression and economic isolationism, the United States and other WTO Members joined together to launch the first round of multilateral trade liberalization talks under the auspices of the WTO. Through the ongoing Doha Development Agenda negotiations, the United States has led efforts to achieve an ambitious, comprehensive, and balanced agreement that will foster continued global economic growth and development and lift millions of people out of poverty.

You also committed early in your Administration to work with Congress to reinvigorate U.S. engagement in the broader trade arena. In 2002, working with Congress, the Administration secured Trade Promotion Authority (TPA), which reinstated the ability of the President to submit trade agreements to the Congress for a straight up-or-down vote. You quickly put TPA to work and embarked on an aggressive agenda to negotiate gold standard trade agreements at the multilateral, regional, and bilateral levels, as well as to focus and expand U.S. trade enforcement activities to ensure that our trading partners lived up to their commitments.

As a result, the United States is party today to FTAs with 20 countries in every corner of the world (16 in force, 1 approved by Congress but not yet in force, and 3 concluded but not yet approved by Congress). These agreements bring real benefits to American workers, farmers, ranchers, manufacturers, and service providers. U.S. exports to the 11 trade partners with which the U.S. implemented FTAs between 2001 and 2007 grew nearly 80 percent faster on average than did U.S. exports to the rest of the world. Moreover, although by the end of 2007 our then-14 FTA-partner countries accounted for only 9 percent of the global economy (excluding the United States), they were the destination for 41 percent of total U.S. exports. Increased imports from these countries have provided consumers with more choices and better prices while providing U.S. companies with high-quality, low-cost inputs to increase their production, productivity, and competitiveness. These agreements have also reinforced the U.S. commitment to critical allies and regions of particular geo-strategic importance in the Americas, Middle East, and Asia-Pacific region.

In Force		Pending Implementation	Pending Congressional Action
Israel	El Salvador	Peru	Colombia
Canada	Nicaragua		Panama
Mexico	Honduras		South Korea
Jordan	Guatemala		
Chile	Bahrain		
Singapore	Dominican Republic		
Australia	Costa Rica*		
Morocco	Oman*		

* Entered into force January 2009.

The Benefits of Expanded Trade. The benefits of free and fair trade and of a robust trade policy are shared by the millions of American workers and farmers whose jobs are supported by trade, as well as among the millions of American households reaping the benefits of an increasingly open and transparent global economy. In 2005, the Institute for International Economics estimated that U.S. real incomes were $1 trillion higher per year due to trade liberalization achieved since 1945, with another $500 billion in income gains achievable from the elimination of remaining global trade barriers. Furthermore, since completion of the Uruguay Round and entry into force of the NAFTA in 1994, U.S. non-farm sector employment has increased over 20 percent, accounting for more than 23 million net new jobs (1994-2007). The annual rate of unemployment in the United States dropped from 6.1 percent in 1994 to 4.6 percent in 2007 (albeit rising recently under the impact of housing and financial market disruptions). Productivity (real output per hour worked) for U.S. business sector workers increased at a healthy average annual rate of 2.4 percent during those 13 years and real compensation per hour worked grew by 23 percent.

During this same period, U.S. manufacturing output grew 50 percent, or slightly faster than the U.S. GDP overall. Also, during this period, our exports of manufactured goods increased over 128 percent between 1994 and 2007 in current dollar terms. According to World Bank data, the United States remains by far the world's largest producer of manufactured products. As a reflection of U.S. economic success, data from the World Bank show that per capita real income in the United States in 2006 exceeded that in other high income countries by 41 percent. Such high income countries account for just over 15 percent of the world's population. In addition, the American consumer has benefited immeasurably from access to a wider assortment of high quality goods attainable at prices that are more competitive than ever.

Domestic Adjustment to Trade and Economic Change. Legitimate concerns many Americans have about their economic security are, in fact, rarely related to trade, and we therefore must not embrace policy prescriptions that would injure the vast majority of workers who benefit from trade. A recent study conducted by your Council of Economic Advisers revealed that no more than 3 percent of all job disruptions can be attributed to trade. The study pointed to other factors such as productivity increases, new technologies and innovation, and domestic competition as accounting for the remaining 97 percent of job displacement. As international trade is the cause of only a fraction of the jobs lost in this country, protectionist or isolationist approaches cannot address these disruptions nor create the new better jobs of the future. Attempts to wall off the United States from foreign competition and "protect" U.S. workers would only serve to cripple the U.S. economy and potentially induce a global trade war and world economic slowdown.

Trade Policy in a Changing Global Environment. Globalization and the increasing interdependence of global markets are irreversible forces that will march on with or without us. We estimate that 300 regional trade agreements are currently in force worldwide, with more than 100 having been implemented since 2002. In the Asia-Pacific region alone, the number of free trade agreements has more than doubled in this same period – from 23 in 2002 to 51 in 2007.

While many of these agreements do not constitute the high standard, comprehensive agreements of the type that the United States has negotiated, they unquestionably afford preferential trading positions to the companies and workers of the countries involved. As a result, they threaten to place U.S. stakeholders at a relative disadvantage in accessing many of the world's most dynamic markets. That is why the Administration has been committed to pursuing agreements that provide enhanced market access and strong investment protections to the thousands of U.S. companies, investors, workers, service providers and farmers whose ongoing success hinges on the ability to compete effectively in an increasingly integrated global economy. The Administration has been committed to liberalizing global trade and investment flows that hold the promise of improving standards of living both here at home and throughout the global economy.

Trade Policy and Exports Mitigate Housing and Financial Market Disruptions. As we confront an economic slowdown brought about by challenges in the housing and financial markets, traditional drivers of growth such as personal expenditures, housing and business investment are being adversely affected. In this environment, strong export growth has played an important role in supporting the U.S. economy. In the second quarter of 2008, exports achieved their highest ever share of GDP, at 13.5 percent. In the year ending in the second quarter of 2008, the growth of real exports accounted for 64 percent of U.S. real GDP growth, helping the economy grow by 2.1 percent, despite major challenges to economic growth brought on by difficulties in U.S. housing and financial markets. The Administration's success in opening foreign markets to U.S. exports, among other factors, has facilitated this recent export expansion and its contribution to economic growth overall. Figures such as these provide ample evidence that, if we are to be successful in ensuring economic growth for the long-term, an open trade policy that supports faster growing exports will play a prominent role.

The Administration's ambitious trade-liberalizing agenda of the last eight years reinvigorated U.S. trade policy and expanded U.S. leadership across the globe both to open markets and to ensure trade partners complied with their commitments. Other elements of the Administration's pro-trade agenda, such as trade capacity building in developing nations and preference programs like the Africa Growth and Opportunity Act (AGOA), also contributed to furthering our global role and responsibilities. Whether through leadership in trade liberalizing agreements or trade-related self-help programs, the United States has continued to wield this extremely effective form of "soft power" around the world.

FUTURE CHALLENGES

Going forward, numerous challenges will confront U.S. policymakers in the international trade arena. Economic conditions in the near term center on a deepening global recession of unknown duration, with attendant job loss and income insecurity. Political pressures may build in many countries to respond domestically to these difficulties in part through restrictions on imports. In such an eventuality, it will be imperative for the United States to exercise its long held position of trade leadership to resist a drift toward protectionism at home or abroad. Aside from the long-term economic costs of such protectionist measures, the near term impact could only serve to aggravate further current economic conditions, as so clearly demonstrated by the experience of the early 1930s.

In the trade negotiating area, the reduction of tariffs over the decades has led to more complex non-tariff barriers arising that can interfere with the free and fair movement of goods and services. As the U.S. economy's labor force shifts toward knowledge-intensive services industries, the bilateral, regional, and multilateral rules of services trade, investment, and intellectual property protection become even more important. As new technologies and innovations rapidly generate new products and services which could not have even been imagined a few decades ago, trade policy must adapt and evolve to changing circumstances to ensure that trade liberalization continues unabated. Moreover, as technology and innovation generate new sources of energy and engineered commodities that hold the promise of addressing vexing issues such as global energy demand, climate change and hunger, trade policymakers must develop and employ the tools to ensure the dissemination of these critical technologies and services.

Ultimately, future administrations will be tasked with demonstrating that legitimate concerns involving health, product safety and national security can and must be addressed in the context of free and open markets that expand economic growth and alleviate global poverty. Over the last eight years, the United States has set the stage for continued negotiations and development of trade policies that not only adapt to, but also expand the benefits that technology and innovation offer.

To fully engage on all of these fronts, Trade Promotion Authority – or some new version of it – must be obtained from Congress, with the 2002 authorities having expired in 2007. Without some delegation of authority providing assurances that trade agreements negotiated by the Executive Branch have a reasonable prospect of timely Congressional approval without amendment, U.S. trade policy will be severely impaired.

Timeline of Accomplishments & Milestones

Economic and Trade Policy

2001

- In November U.S. economic **recession** bottoms out. **Economy grows** by just 0.8% from the preceding year
- **Exports** (goods and services) account for 10.2% of production.
- **Two-way U.S. trade** (exports plus imports of goods and services are valued at $2.4 trillion.

2002

- Recovering **economy** grows by 1.6% for the year.
- **Export** share of production falls back to 9.6%, while **two-way trade** remains at $2.4 trillion.

2003

- **Economic growth** strengthens by 2.5%.
- Export share of production little changed at 9.5%, while two-way trade increases modestly to $2.6 trillon.

2004

- **Economic growth** strengths further to 3.6%
- **Export share of production** rises to 10.1% and **two-way trade valuation** to $3.0 trillion

2005

- **Economy** expands by another 2.9%.
- **Exports** reach 10.6% of GDP and **two-way trade** $3.3 trillion.

2006

- **Economy** expands by 2.8%.
- **Exports** advance to 11.2% of GDP and **two-way trade** to $3.7 trillion.
- **World Bank** data for 2006 show average **real per capita income in the United States** exceeding the average for other high-income countries by 41% (up from 39% in 2000).

2007

- Under impact of housing and financial market disruptions and rapidly rising oil prices, **economic growth** moderates to 2.0%.
- Across the **economic expansion of 2001-2007, real U.S. GDP** has expanded by 17%, with **manufacturing production in the United States** (real value added) virtually keeping pace with the overall economy (16.7% growth of manufacturing production).
- **Exports** reach 12% of production for the year, reaching the level of 12% **for the first time in U.S. history** in the year's third quarter.
- **Two-way trade** reaches $4.0 trillion

2008 (First Half of Year)

- **Economy** grows at a 1.8% annual rate in the year's first half, still burdened by declines in housing and increasing related problems in financial and credit markets.
- **Exports** reach 13.2% U.S. production in this period and **two-way trade** an annualized value of $4.5 trillion.
- **Exports' contribution to U.S. economy growth** proves critically important as other sources of domestic growth weaken. Over the latest 6 quarters, the rapid expansion of exports has account for fully half of overall U.S. economic growth. While many factors contribute to that growth, the Administration's policy of and success in opening trade markets contribute directly to this healthy export expansion, at a time when it is most needed by the U.S. economy and American workers, companies, farmers, and ranchers.

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Free Trade Agreement Activity**

THE SITUATION AS WE FOUND IT

When President Bush took office in January 2001, the United States had free trade agreements (FTAs) in force with only three countries – Israel, Canada, and Mexico – the most recent of which was signed in 1992. During the 1990s, other countries actively negotiated bilateral and regional FTAs providing preferential access for their exporters while the United States remained on the sidelines. The Members of the World Trade Organization (WTO) were unable to reach agreement on initiating a new round of multilateral trade negotiations, most notably during the ministerial meeting in Seattle in 1999, which was marred by violent protests.

THIS ADMINISTRATION'S POLICY

The concept of "free trade" arose as a moral principle even before it became a pillar of economics. If you can make something that others value, you should be able to sell it to them on fair terms. If others make something that you value and want to sell it, you should be able to buy it. This is real freedom, the freedom for a person—or a nation—to make a living.

A strong world economy enhances our national security by advancing prosperity and freedom throughout the world. FTAs and open markets strengthen economic growth, which in turn creates new jobs and improves standards of living. This growth allows people to lift themselves out of poverty, spurs economic and legal reform, encourages the fight against corruption, and reinforces liberty.

Our policy is to promote economic growth and economic freedom beyond America's shores, while recognizing that all governments are responsible for creating their own economic policies and responding to their own economic challenges. We use our economic engagement with other countries to underscore the benefits of policies that generate higher productivity and sustained economic growth.

Our policy recognizes the clear lessons of history: market economies, not command-and-control economies with the heavy hand of government, are the best way to promote prosperity and reduce poverty. Policies that further strengthen market incentives and market institutions are relevant for all economies—industrialized countries, emerging markets, and the developing world.

The Administration developed and implemented a comprehensive strategy to promote free and fair trade. The Administration led a multilateral effort in the WTO to launch a new round of global trade negotiations and worked with several countries, including China, Taiwan, Saudi Arabia, Vietnam, and Ukraine, so that they could become Members of the WTO. The Administration also launched negotiations on FTAs with a mix of developed and developing countries in all regions around the world. Finally, the Administration was also determined to renew the Executive-Congressional partnership on trade. The President committed early in his Administration to work with Congress to reinvigorate U.S. engagement in the broader trade arena, and pursuit of comprehensive FTAs was a key part of his strategy.

WHAT HAS BEEN ACCOMPLISHED

After a gap of eight years, the Administration reestablished majority bipartisan support in the Congress for trade liberalization and secured Trade Promotion Authority (TPA) and expanded tariff preference programs for developing countries in the Trade Act of 2002. The Administration has looked to the objectives set out in the 2002 legislation to guide the negotiation of new bilateral and regional trade agreements and has worked with Congress to approve and have those agreements enter into force. On May 10, 2007, the Administration reached a bipartisan agreement with the congressional leadership to strengthen provisions related to labor and environmental standards in the FTAs with Peru and Colombia, and to include these provisions in negotiations on FTAs with Panama and South Korea.

Today, the United States has signed FTAs with 20 countries globally (agreements with 17 countries are in force, and three agreements have been concluded but not yet approved by Congress). These agreements offer real benefits to American workers, farmers, ranchers, manufacturers, and service providers. U.S. exports to the 11 trade partners with FTAs that went into effect between 2001 and 2007 grew more than 80 percent faster on average than did U.S. exports to the rest of the world. Moreover, although our FTA-partner countries accounted for only 7 percent of the global economy in 2007, they were the destination for 41 percent of total U.S. exports.

Increased imports from these countries provide consumers with more choices and better prices, while providing U.S. companies with high-quality, low-cost inputs to increase their production, productivity, and competitiveness. These agreements have also reinforced the United States' commitment to critical allies and regions of particular geo-strategic importance in the Middle East, the Americas, and the Asia-Pacific region.

Middle East: The first free trade agreement that the Administration put into effect – in December 2001 – was the United States-Jordan FTA, which has resulted in steadily increasing trade between the two countries. Building on this success, the President proposed the Middle East Free Trade Area (MEFTA) in May 2003 to promote greater regional cooperation, stimulate sustainable reform, and increase integration of the region's economies into the international community. To begin constructing the MEFTA, The Office of the United States Trade Representative subsequently negotiated FTAs with Bahrain and Morocco, both of which entered into force in 2006, and signed an FTA with Oman, which is expected to enter into force at the beginning of 2009. Negotiations on an FTA with the United Arab Emirates were launched in 2004; however, negotiations were suspended late in 2006.

Americas: The Administration has increased the number of U.S. FTA signatories in the Western Hemisphere from two countries in 2001 to twelve countries in 2008. Beginning in 2002, the Administration concluded the United States-Chile FTA, which has increased two-way trade by 170 percent since the agreement entered into force on January 1, 2004. The Administration also signed the Dominican Republic – Central America – United States Free Trade Agreement (CAFTA-DR) in 2004, which since 2006 has increased trade by 30 percent with the four CAFTA partners that had the agreement in effect as of that date. CAFTA-DR is currently in effect for all of the parties except Costa Rica, which is expected to complete its necessary domestic procedures for entry into force by the end of 2008.

In 2005, the Administration concluded the United States-Peru FTA, which the two governments agreed to amend in June 2007 to reflect the May 10, 2007 bipartisan agreement with congressional leaders. Congress subsequently approved the Peru FTA with strong bipartisan support. Peru is expected to complete its domestic procedures necessary for the agreement to enter into effect by the end of 2008. The Administration also concluded an FTA with Colombia in late 2006, and in June 2007 agreed with Colombia to amend that agreement to reflect the May 10 bipartisan agreement. On June 28, 2007, the Administration concluded an FTA with Panama that also reflected the May 10th bipartisan agreement. On April 8, 2008, the Administration submitted to Congress legislation to implement the United States-Colombia FTA; however, Congress has yet to approve the legislation. The United States-Panama FTA also awaits congressional approval.

Asia-Pacific: In January 2001, the United States had no FTA partners in Asia. Since then, the Administration has put FTAs into effect with two countries in Asia, concluded an agreement with a third country, and launched bilateral FTA negotiations with two others (Malaysia and Thailand). In 2003, the Administration concluded the United States-Singapore FTA, which has increased trade between the countries by almost 50 percent since it entered into force in 2004. The Administration also concluded FTA negotiations in 2004 with Australia, our fifteenth largest trading partner. In June 2007, the Administration signed the United States-Korea Free Trade Agreement (KORUS FTA), the most commercially significant FTA the United States has concluded in nearly 16 years. The KORUS FTA includes the labor and environmental provisions envisioned by the May 10 bipartisan agreement. This Agreement also awaits congressional approval.

FUTURE CHALLENGES

Ongoing FTA Negotiations: It will be important for the new administration to consider and decide next steps in negotiations with Malaysia and, potentially, with Thailand. In 2006, the Administration launched FTA negotiations with Malaysia, then our tenth largest trade partner and the largest U.S. export market among the ASEAN countries. The two governments have made significant progress over the course of six rounds of negotiations, although significant work remains to conclude an agreement. The Administration also held six rounds of FTA negotiations with Thailand in 2004 and 2005, but suspended negotiations in 2006 after the dissolution of the Thai Parliament and the subsequent military-led coup. Thailand and the United States will consider resuming negotiations when both sides are ready.

New FTA Negotiations: On September 22, 2008, USTR announced that the United States intends to join the Trans-Pacific Strategic Economic Partnership Agreement (Trans-Pacific Partnership, or TPP), an FTA whose current members include Singapore, Chile, New Zealand, and Brunei. The TPP FTA would benefit the United States by establishing a comprehensive, high-standard FTA in the fast-growing Asia-Pacific region, which has seen a proliferation of trade agreements that exclude the United States. In addition to the United States, several countries are considering participation in the agreement, including Vietnam, Peru, Australia, and Japan. The TPP could provide a foundation to achieve the long-term goal of a Free Trade Area of the Asia Pacific. In addition, the Administration has considered extending its network of FTAs in the Western Hemisphere through negotiating an agreement with Uruguay. At this time, we are working with Uruguay to deepen our trade relationship through concluding a series of agreements with the ultimate objective of negotiating a free trade agreement.

Greatest Challenges: The greatest challenges to making these FTAs a reality are the lack of trade promotion authority and the need to build sufficient support in Congress for FTAs. While the Administration can negotiate strong agreements that benefit U.S. business, workers, farmers, ranchers, and consumers, Congress must enact legislation so that these agreements can be implemented. If the next administration does not successfully build on the foundation of FTAs that this Administration has created, the United States will soon see the negotiation and implementation of multiple FTAs, such as the European Union-Gulf Cooperation Council FTA, the ASEAN-Australia FTA, and China's FTAs with Chile, New Zealand, and many other countries, that exclude the United States and give others preferential access to important markets.

Timeline of USTR Accomplishments
Free Trade Agreements

2001

- **July** – United States-Jordan FTA legislation approved by U.S. House of Representatives.
- **September** – United States-Jordan FTA legislation approved by U.S. Senate.
- **December** – United States-Jordan FTA entered into force.

2002

- **October** – Congress notified of President's intent to enter into FTA negotiations with Chile, Singapore, and Morocco.
- **November –** Congress notified of President's intent to enter into FTA negotiations with Central American countries.
- **November** – Congress notified of President's intent to enter into FTA negotiations with Australia.
- **December** – United States-Chile FTA negotiations concluded.

2003

- **January** – United States-Singapore FTA negotiations concluded.
- **May** – United States-Singapore FTA signed.
- **June** – United States-Chile FTA signed.
- **July** – United States-Chile FTA legislation approved by U.S. House of Representatives.
- **July** – United States-Chile FTA legislation approved by U.S. Senate.
- **July** – United States-Singapore FTA legislation approved by U.S. House of Representatives.
- **August** – United States-Singapore FTA legislation approved by U.S. Senate.
- **August** – Congress notified of President's intent to negotiate an FTA with Bahrain.
- **August** – Congress notified of President's intent to negotiate an FTA with the Dominican Republic which would be integrated into the CAFTA.
- **October** – Congress notified of President's intent to negotiate an FTA with Thailand.
- **November** – Congress notified of President's intent to negotiate FTAs with Andean countries (Colombia, Peru, and Ecuador) and with Panama.

2004

- **January** – United States-Chile FTA entered into force.
- **January** – United States-Singapore FTA entered into force.
- **February** – United States-Australia FTA negotiations concluded.
- **February** – Central America-United States FTA (CAFTA) negotiations concluded with Central American countries.
- **March** – United States-Morocco FTA negotiations concluded.

- **March** – United States-Dominican Republic FTA negotiations concluded and integrated into the CAFTA to form the Dominican Republic-Central America-United States FTA (CAFTA-DR).
- **May** – United States-Bahrain FTA negotiations concluded.
- **May** – United States-Australia FTA signed.
- **June** – United States-Morocco FTA signed.
- **July** – United States-Australia FTA legislation approved by U.S. House of Representatives.
- **July** – United States-Australia FTA legislation approved by U.S. Senate.
- **July** – United States-Morocco FTA legislation approved by U.S. House of Representatives.
- **July** – United States-Morocco FTA legislation approved by U.S. Senate.
- **August** – CAFTA-DR FTA signed.
- **September** – United States-Bahrain FTA signed.
- **November** – Congress notified of President's intent to negotiate an FTA with Oman.

2005

- **January** -- United States-Australia FTA entered into force.
- **December** – United States-Bahrain FTA legislation approved by U.S. House of Representatives.
- **December** – United States-Bahrain FTA approved by U.S. Senate.
- **December** – United States-Peru Trade Promotion Agreement (TPA) negotiations concluded.
- **July** – United States--CAFTA-DR legislation approved by U.S. House of Representatives.
- **July** – United States --CAFTA-DR legislation approved by U.S. Senate.
- **October** – United States-Oman FTA negotiations concluded.
- **December** – United States-Peru TPA negotiations concluded.

2006

- **January** – United States-Morocco FTA entered into force.
- **February** – United States-Colombia TPA negotiations concluded.
- **February** – Congress notified of President's intent to negotiate an FTA with Korea.
- **March** – United States-CAFTA-DR entered into force with El Salvador.
- **March** – Congress notified of President's intent to negotiate an FTA with Malaysia.
- **April** – United States-CAFTA-DR entered into force with Honduras and Nicaragua.
- **April** – United States-Peru TPA signed.
- **July** – United States-CAFTA-DR entered into force with Guatemala.
- **July** – United States-Oman FTA legislation approved by U.S. House of Representatives.
- **August** – United States-Bahrain FTA entered into force.
- **September** – United States-Oman FTA legislation approved by U.S. Senate.
- **November** – United States-Colombia TPA signed.
- **December** – United States-Panama TPA negotiations concluded.

2007

- **March** – United States-CAFTA-DR entered into force with the Dominican Republic
- **April** – United States-Korea (KORUS) FTA negotiations concluded.
- **June** – United States.-Panama TPA signed.
- **June** – United States-Korea FTA signed.
- **November** – United States-Peru TPA legislation approved by U.S. House of Representatives.
- **December** – United States-Peru TPA legislation approved by U.S. Senate.

2009

- January – United States-CAFTA-DR entered into force with Costa Rica.
- January – United States-Peru FTA entered into force.
- January – United States-Oman FTA entered into force.

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORADUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Bilateral Investment Treaties**

THE SITUATION AS WE FOUND IT

Bilateral investment treaties (BITs) provide important legal protections for nationals and companies of one country when they invest or seek to invest in another country; they also provide a neutral arbitration forum for resolving complaints that investors of one country may have about the conduct of another country. In addition, BITs encourage countries to develop market-oriented policies that: treat private investment in a non-discriminatory, fair, and transparent manner; increase economic efficiency and real incomes in the United States; and expand exports of U.S. goods and services abroad. The negotiation of these high-standard treaties can be a valuable tool to guide and implement economic reforms and strengthen investment climates, especially in emerging economies.

When President Bush took office in January 2001, the United States had BITs with 39 countries. Many of these agreements were completed during the 1990s. The model used for these BITs was last updated by the previous Administration in 1994.

THIS ADMINISTRATION'S POLICY

The Bush Administration has recognized the importance of maintaining an open investment policy that supports enhanced flows of both inbound and outbound investment and provides strong protections and market openings for such investment. The Administration has sought to promote an open investment policy through the negotiation of BITs and the investment chapters of free trade agreements, which contain substantively similar provisions. The BIT program supports several key U.S. economic policy objectives, including the protection of U.S. investment overseas, the promotion of the rule of law and market-oriented policies, and the facilitation of U.S. goods and services exports. The Bush Administration believes that strong, high-standard BITs enhance the benefits of foreign investment by both increasing the access of U.S. investors to foreign markets and protecting investors and their investments with legal rights enforceable by the investors themselves.

Over the course of this Administration, the United States intensified U.S. efforts to promote economic reform, improve investment climates, attract new investment, and remove trade and investment barriers through BIT negotiations with a number of key trading partners. International investment is critically important to the U.S. economy. U.S. earnings on foreign direct investment abroad were $368 billion in 2007, more than double the amount in 2002. Foreign-owned companies operating in the United States contributed $615 billion to U.S. GDP in 2006 and provided employment to 5.3 million Americans. Foreign investment creates and sustains high-paying jobs in all 50 States, particularly in the manufacturing sector, which accounts for one-third of the jobs supported by U.S. affiliates of foreign companies.

WHAT HAS BEEN ACCOMPLISHED

Model BIT -- In November 2004, the Office of the U.S. Trade Representative (USTR) and the Department of State, working with other U.S. government agencies and private sector stakeholders, completed an update of the U.S. model BIT (which is posted on the Department of State website). The new model text contains provisions developed by the Administration to address the investment negotiating objectives of the Bipartisan Trade Promotion Authority Act of 2002, which incorporated many of the principles from existing U.S. BITs. The model is substantively similar to the investment chapters of the free trade agreements the United States has concluded since the 2002 Act. Prior to the November 2004 revision, the United States had not updated its model BIT since 1994.

BITs -- Completed Treaties and Ongoing Negotiations -- The Administration launched BIT negotiations with Uruguay in November 2003 and concluded the agreement in November 2005. The United States-Uruguay BIT is the first treaty based on the 2004 model BIT and reflects the United States' commitment to strengthening its trade and investment relationships in the Western Hemisphere. In September 2004, the Administration launched BIT negotiations with Pakistan. Although negotiations stalled, in August 2008, the two governments have agreed to resume talks. In June 2007, the United States and Rwanda started negotiations of a BIT, which President Bush and Rwandan President Kagame signed on February 19, 2008. The United States-Rwanda BIT is the first BIT to be signed with a Sub-Saharan African country since 1998.

In 2008, the United States agreed to launch negotiations with three large, emerging market economies: China, Vietnam, and India. The United States and China agreed to begin BIT negotiations during the United States-China Strategic Economic Dialogue on June 18, 2008. The two governments had completed three rounds of negotiations by the end of November 2008. On June 24, 2008, President Bush and Vietnamese Prime Minister Nguyen Tan Dung announced the launch of BIT negotiations, which are scheduled to begin in December 2008. Finally, on September 26, 2008, the United States announced that it had agreed with India to launch BIT negotiations, which are scheduled to begin in January 2009.

In addition to these ongoing negotiations, the United States is undertaking BIT exploratory discussions with Indonesia, Gabon, Ghana, and Mauritius, and seeking to engage Brazil and Egypt in such discussions. The United States signed a BIT with Russia in 1992. The U.S. Senate provided its advice and consent to the treaty in 1993; however, Russia has not ratified it. The Administration began to explore negotiation of an updated BIT with Russia, based on the 2004 model, but it put this outreach on hold following Russia's invasion of Georgia. The United States is also undertaking exploratory discussions regarding the possibility of the negotiation a bilateral investment agreement (BIA) with Taiwan.

FUTURE CHALLENGES

The Bush Administration has laid a strong foundation for the negotiation of future BITs that will improve the investment climate in emerging economies, increase opportunities and protections for U.S. investors, and enhance U.S. economic growth. Concluding BITs helps address the potential for economic isolationism as countries consider retrenching in light of global economic conditions. In this light, future administrations will also need to examine the extent to which investment reviews that the United States and other countries conduct, which can be used to address legitimate national security issues, may be a means to discourage foreign investment. Instances of protectionist reviews taking place in developed countries, including Europe, and in developing countries are increasing. Another challenge that the future administrations will face is countering the argument that BITs result in exporting U.S. jobs or provide better treatment to foreign investors in the United States than U.S. nationals or companies receive under domestic law. The facts refute these arguments, and future administrations will need to present the public with facts on the benefits of foreign investment and BITs.

The United States should prioritize negotiations with countries of most commercial significance for U.S. investors, including China, India, Brazil, Indonesia, and Vietnam, among others. As these countries grow and become more important sources of and destinations for foreign investment, they will become both more formidable negotiating partners, and having high-standard investor protections will become more important.

Timeline of USTR Accomplishments
Bilateral Investment Treaties

2003

- **November** – United States launches BIT negotiations with Uruguay

2004

- **September** – United States launches BIT negotiations with Pakistan
- **November** -- United States publishes revised Model BIT

2005

-
- **November** – U.S.-Uruguay BIT signed

2006

- **May** – United States commences BIA exploratory discussions with Taiwan
- **September** – United States commences BIT exploratory discussions with Gabon
- **November** – Entry-into-force of U.S.-Uruguay BIT

2007

- January – United States commences BIT exploratory discussions with China.
- **June** – United States launches BIT negotiations with Rwanda

2008

- **February** – U.S.-Rwanda BIT signed
- **February** – United States commences BIT exploratory discussions with Russia
- **February** – United States commences BIT exploratory discussions with India
- **May** – United States commences BIT exploratory discussions with Indonesia
- **June** – United States launches BIT negotiations with China
- **June** – United States launches BIT negotiations with Vietnam
- **August** – United States commences BIT exploratory discussions with Ghana
- **September** – United States agrees to launch BIT negotiations with India

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Intellectual Property Rights - To: POTUS - From: Ambassador Susan C. Schwab	6	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the
SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos
FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)
FRC ID:
13895
OA Num.:
14458
NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL

THE WHITE HOUSE

WASHINGTON

<u>**INFORMATION**</u>

MEMORADUM FOR THE PRESIDENT

FROM: **Ambassador Susan C. Schwab**

SUBJECT: **Trade Promotion Authority**

THE SITUATION AS WE FOUND IT

Trade Promotion Authority (TPA) (known as "fast-track authority" before 2002) refers to legislation seeking to ensure coordination between the Legislative and Executive Branches in major trade negotiations, providing that if the President notifies and consults with Congress before and during negotiations and the resulting agreements makes progress in achieving specified policies and objectives, Congress will consider legislation to approve the agreements under streamlined procedures (*e.g.*, vote within a limited period, with no amendments). Previous administrations had relied on this arrangement and its renewals since 1974 to conclude and approve major U.S. trade agreements. The last iteration of fast track legislation lapsed in 1994. The Clinton Administration attempted to renew this authority in 1997, but was unable to muster sufficient congressional support to secure passage of the bill extending it. When your Administration took office in 2001, the United States had concluded only one free trade agreement (FTA) since 1992 (the FTA with Jordan), and no global trade negotiations had been initiated in more than 14 years. America had fallen behind, as many countries negotiated dozens of trade agreements that opened growing markets for their exports, putting the United States at a competitive disadvantage.

THIS ADMINISTRATION'S POLICY

Early in your first term, the Administration made enactment of TPA a key legislative priority. Working with Congress, the Administration secured passage of the Trade Act of 2002. This Act provided that trade agreements entered into before July 1, 2005, would be eligible for consideration by Congress under the streamlined TPA procedures. The Act also provided for a possible two-year extension (to cover agreements entered into before July 1, 2007), and in 2005, TPA was extended.

With TPA in hand, your Administration implemented a trade strategy of pursuing mutually reinforcing trade initiatives globally, regionally, and bilaterally. The Administration took the lead in convening the Doha Round of multilateral trade negotiations under the World Trade Organization (WTO) and initiated and concluded free trade negotiations with countries around the globe. Under this strategy, the Administration concluded major trade agreements that opened new markets, leveled the playing field for American workers, farmers, ranchers, and businesses, and expanded choices for American consumers and industry.

Your Administration views TPA as a partnership between the President and Congress that ensures that Congress' views are fully reflected in the trade agreements that you forward to the Congress for approval. TPA sets out agreed procedures for the President and Congress to follow as they work together to open markets for U.S. exports and investment around the world and promote fair, rules-based trade and investment. TPA provides for close and regular consultations between the Administration and the Congress and for regular input from domestic stakeholders.

Broadly speaking, the negotiating objectives that Congress established in conjunction with TPA call for obtaining more open and reciprocal market access, reducing or eliminating trade and investment barriers, protecting intellectual property rights, strengthening the system of international trading disciplines and procedures, fostering economic growth, protecting the environment, and promoting respect for worker rights. Each of the FTAs that the Administration concluded has advanced these objectives.

WHAT HAS BEEN ACCOMPLISHED

One of the purposes of TPA authority is to advance liberalization on a multilateral basis. To that end, the Doha Round has been at the center of your Administration's trade policy since the multilateral negotiating round was launched in November 2001. You have personally and actively led U.S. efforts to press the Doha Round forward. Throughout the Doha Round, the United States has led efforts to achieve an ambitious, comprehensive, and balanced agreement that will foster global economic growth and development and lift millions of people out of poverty. The litmus test for a successful outcome remains a result that generates meaningful new trade flows and new economic opportunities for citizens around the world – in agriculture, industrial goods, and in services.

Using TPA, the Administration also began a process of negotiating bilateral and regional FTAs, followed by continuous monitoring and enforcement of those agreements, which triggered and then locked in broader economic reforms by our FTA partners. The United States has negotiated comprehensive, high standard FTAs that include innovative, cutting-edge rules in areas such as protection of intellectual property rights, electronic commerce, services, and dispute settlement. The FTAs that the Administration has negotiated also require effective environmental and labor law enforcement, government transparency, and anti-corruption rules, and promote market-based reforms and the rule of law.

After Congress enacted TPA, the Administration negotiated, signed, secured Congressional approval of, and put into effect FTAs with Singapore, Chile, Australia, Morocco, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Bahrain. The Administration is currently working with Costa Rica, Oman, and Peru to bring into force Congressionally-approved FTAs with those countries. FTAs with three more countries – Colombia, Panama, and South Korea – await congressional approval. The FTAs that the Administration concluded have promoted increased trade and reinforced U.S. relations with critical allies in the Americas, the Middle East, and Asia-Pacific region.

TPA expired on July 1, 2007, and Congress has not acted to renew it. Although TPA has lapsed, your Administration has continued to pursue an ambitious trade agenda. We remain committed to achieving a successful conclusion to the Doha Round of WTO negotiations and have started work to launch negotiations with Chile, New Zealand, Singapore, and Brunei on a Trans-Pacific trade agreement. We expect that participation in the negotiations on a Trans-Pacific Partnership agreement will eventually include countries, such as Vietnam, that might otherwise conclude Asia-only agreements that exclude the United States and damage our economic interests in the region. While the Executive Branch can negotiate and conclude trade agreements, ultimately Congress must enact legislation to implement the kind of comprehensive trade agreement that your Administration has concluded with TPA. Extending TPA so that it can be used for the results of the Doha Round and future FTAs is essential.

FUTURE CHALLENGES

Opening new markets is a critical part of growing the U.S. economy, creating new opportunities for American workers, farmers, ranchers, and businesses, and expanding choices for American consumers and industry. TPA has been an important tool for concluding and approving agreements that achieve these objectives. Renewal of TPA should be a priority for the next Administration so that Americans can continue to reap the benefits of open and fair trade and avoid being disadvantaged as others conclude preferential deals without U.S. participation.

While TPA has been an essential element of U.S. trade policy and engagement in global trade negotiations, recent actions by the House of Representatives have called into question the viability of TPA as a means to provide certainty to our trading partners regarding implementation of the agreements that future administrations negotiate. Actions to prevent Congressional consideration of legislation approving the Colombia FTA, in particular, have undercut the partnership between the Executive and Legislative Branches and undermined our trading partners' confidence that the United States will act on the agreements it negotiates. The next administration will face a special challenge to rebuild those relationships, but renewal of TPA is a critical first step.

Timeline of Accomplishments
Trade Promotion Authority

2001

- **February 27, 2001** – In his first address to a joint session of Congress, the President asks Members to grant him TPA.

2002

- **August, 6, 2002** – The President signs Trade Act of 2002, including the Bipartisan Trade Promotion Authority Act of 2002 making TPA procedures available for agreements signed before July 1, 2005, and providing for a possible two-year extension of TPA.

2005

- **March 31, 2005** – Consistent with the Trade Act of 2002, the President requests extension of TPA to July 1, 2007.
- **July 1, 2005** – Extension becomes effective.

2007

- **July 1, 2007** - TPA expires.

Withdrawal Marker
The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Memorandum	Trade with China - To: POTUS - From: Ambassador Susan C. Schwab	7	N.D.	P1/b1; P5;

This marker identifies the original location of the withdrawn item listed above. For a complete list of items withdrawn from this folder, see the Withdrawal/Redaction Sheet at the front of the folder.

COLLECTION:
Staff Secretary, White House Office of the

SERIES:
Von Der Heydt, Thomas (Tommy) - Bush Record Policy Memos

FOLDER TITLE:
United States Trade Representative: A Timeline (2001 - 2008)

FRC ID:
13895

OA Num.:
14458

NARA Num.:
14247

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

This Document was withdrawn on 4/26/2012 by MAL