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U.S. Trade Policy Functions: Who Does What?

At the nexus of foreign and domestic policy, U.S. trade policy comprises a distinct set of issues that shape U.S. participation in the global economy and relations with trading partners. It also affects the overall U.S. economy and standard of living of Americans, as well as specific sectors, firms, and workers. Controversial at times, U.S. trade policy historically has focused on supporting economic growth and jobs through more open and rules-based trade by negotiating and enforcing reciprocal trade agreements and other measures, while offering relief to specific segments of the U.S. economy affected by trade liberalization and "unfair" foreign trade practices. It also aims to promote trade and investment, while regulating these flows for national security, health, safety, and other reasons. Other goals are to support economic development in developing countries and expand U.S. influence abroad.

The Constitution gives Congress primacy over trade policy, specifically the power to levy tariffs and regulate foreign commerce. By contrast, the President lacks specific authority over trade, but has power over foreign affairs. The executive branch's role in trade stems from the President's power to negotiate treaties with other nations, and legislative grants of authority to adjust tariff rates and implement trade policy. The Office of the U.S. Trade Representative (USTR) and other agencies conduct trade functions under various authorities. USTR-led interagency and advisory systems aim to seek input and balance diverse interests to reach a coherent U.S. position on trade matters. The U.S. trade policy architecture has evolved to reflect changes in international trade, the U.S. economic position, and other factors. Congress has a keen interest in examining U.S. trade functions, agencies, and coordinating structure.

Key Trade Agencies

Office of the U.S. Trade Representative (USTR)

The U.S. Trade Representative, a Cabinet-level official in the Executive Office of the President, is the President's principal advisor on trade policy, chief U.S. trade negotiator, and head of the interagency trade policy coordinating process. USTR administers U.S. law to combat "unfair" foreign trade practices (e.g., "Section 301"), and trade preference programs for developing countries. In creating and elevating USTR, Congress sought to balance competing interests between U.S. domestic and foreign policy, among the range of trade-related agencies, and the many domestic stakeholders. Congress also sought to address concerns that trade policy interests were being overlooked under the State Department's historical lead. Milestone statutes in the USTR's evolution include the:

- *Trade Expansion Act of 1962.* Created an ambassador-level Special Representative for Trade Negotiations (precursor to USTR) to lead the new interagency system to coordinate trade policy, which the act also created.
- *Trade Act of 1974.* Designated the Special Representative as the chief U.S. trade negotiator, lead of the trade agreements program, and head of the new private sector advisory committee system, which the act also created. Elevated position to cabinet rank and placed it in the White House.
- *Trade Agreements Act of 1979.* Required the President to submit a trade reorganization plan, including to boost the Special Representative's coordination and functional roles.
- *Omnibus Trade and Competitiveness Act of 1988.* Elevated USTR to coordinate trade policy, serve as the President's principal trade advisor and trade "spokesperson," and lead U.S. international trade negotiations. Required USTR to report to both the President and Congress.

Department of Commerce

Commerce conducts many non-agricultural trade functions.

- The International Trade Administration (ITA), supported by U.S. and foreign commercial service officers, provides market research, business connections, and other services to promote U.S. exports and attract foreign investment. It also conducts antidumping and countervailing duty (AD/CVD) investigations to address potential adverse effects on U.S. industry of "unfair" foreign trade practices, and monitors foreign compliance with U.S. trade agreements.
- The Bureau of Industry and Security (BIS) administers licensing and civil enforcement functions for dual-use exports. It also investigates whether certain imports harm, or threaten to harm, national security ("Section 232").
- The Economic Development Administration (EDA) manages Trade Adjustment Assistance (TAA) for firms, (targets adjustment to import competition and trade liberalization).
- The Bureau of Economic Analysis (BEA) and Census Bureau collect, analyze, and disseminate trade data.

The U.S. Department of Agriculture

USDA aims to promote and regulate U.S. agricultural trade, weighing in on agriculture issues in U.S. trade negotiations.

- The Animal and Plant Health Inspection Service (APHIS) works to prevent plant and animal pests and diseases from entering U.S. borders.
- The Food Safety and Inspection Service (FSIS) regulates U.S. meat, poultry, and egg products, including imports.
- The Foreign Agricultural Service (FAS) administers U.S. agricultural export financing and assistance, U.S. quotas against agricultural imports, and TAA for farmers.

U.S. Department of Health and Human Services

HHS weighs in on trade policy issues that can affect public health, such as food products (not regulated by USDA), cosmetics, drugs, and medical devices. HHS's Food and Drug Administration (FDA) regulates products produced domestically and abroad for safety, security, and efficacy.

U.S. Department of Homeland Security

DHS seeks to secure U.S. borders while enabling legitimate trade. Customs and Border Protection (CBP) of DHS regulates the flow of goods through U.S. ports of entry. It collects tariffs and enforces trade laws at the border. It works with DHS's Immigration and Customs Enforcement (ICE).

U.S. Department of Labor

DOL provides U.S. representation in international negotiations before the International Labor Organization (ILO), monitors compliance with the labor chapters of U.S. trade agreements, tracks eligibility for certain trade preferences, and administers the TAA program for workers.

U.S. Department of State

State oversees U.S. trade and economic relationships through its bureaus and embassies to advance U.S. trade policy consistent with national security and foreign policy priorities. It supports U.S. trade agreement negotiation and enforcement, co-leads with USTR the U.S. bilateral investment treaty program, advocates for U.S. business interests abroad, and licenses U.S. munitions exports, among other things.

U.S. Department of the Treasury

Treasury is the lead agency on international economic matters. For U.S. trade agreement negotiations, it leads on currency provisions, and jointly leads with USTR on financial services. It heads U.S. participation in the G-20 and G-7 forums, manages the Committee on Foreign Investment in the United States (CFIUS) to examine potential inbound investment for national security implications, and administers U.S. sanctions via the Office of Foreign Assets Control (OFAC).

DFC U.S. International Development Finance Corp.

DFC, the successor to the Overseas Private Investment Corporation (OPIC), aims to promote private investment in developing countries to support U.S. global development goals and economic interests. Its toolkit includes financing, political risk insurance, equity support, and technical assistance.

Export-Import Bank

Ex-Im Bank finances and insures U.S. exports of goods and services, aiming to fill in gaps in private sector support and/or to counter foreign officially-backed export credit competition. It supports exporters of all sizes and in a range of sectors.

International Trade Commission

ITC investigates AD/CVD cases (with ITA), safeguard cases on temporary relief from import surges of "fairly" traded goods ("Section 201"), and alleged violations of U.S. intellectual property rights (IPR) ("Section 337"). It provides trade analysis to Congress, the President, and USTR; and maintains the U.S. Harmonized Tariff Schedule (HTS).

Small Business Administration

SBA conducts certain trade and export promotion financing for U.S. small businesses (terms vary from Ex-Im Bank). SBA's State Trade Expansion Program (STEP) administers grants for states to conduct trade show exhibits, training workshops, and other activities to help small businesses.

U.S. Agency for International Development

USAID focuses on economic matters affecting U.S. relations with developing countries. It manages trade capacity building programs to promote economic growth in developing countries, reduce poverty, and support trade liberalization.

U.S. Trade and Development Agency

TDA aims to support U.S. jobs by linking U.S. firms to export opportunities for infrastructure and other projects in emerging economies. It funds feasibility studies, reverse trade missions to bring foreign buyers to the United States, and other project preparation/partnership-building activities.

Interagency Trade Policy Mechanism

U.S. trade policy is coordinated through a USTR-led system that Congress first established in 1962. Membership draws from key trade agencies and White House bodies.

- By statute, Cabinet-level review on trade issues is through the Trade Policy Committee (TPC); in practice, the National Economic Council (NEC)/National Security Council (NSC) coordinates at this level.
- At the Deputies level, the Trade Policy Review Group (TPRG) carries out coordinating functions.
- The Trade Policy Staff Committee (TPSC), composed of senior civil service members, develops and reviews policy and negotiating documents on trade policy.

Issues percolate up the ranks if consensus fails or major issues are raised. Other interagency bodies coordinate on specific areas (e.g., export promotion, export controls, IPR).

Advisory Committee System

First established by Congress in 1974, the advisory committee system incorporates public and private input on U.S. trade policy, e.g., on negotiating objectives. USTR manages the system, in collaboration with USDA, Commerce, and Labor. There are 26 committees with up to 700 advisors.

- The high-level President's Advisory Committee for Trade Policy and Negotiations (ACTPN) examines U.S. trade policy and agreements for the overall national interest. Members represent key sectors.
- Five policy advisory committees (agricultural, inter-governmental, labor, Africa, and environment) examine issues from their specific policy lens.
- Sectoral and technical input comes from 6 Agricultural Technical Advisory Committees (ATACs) and 14 Industry Trade Advisory Committees (ITACs).

Issues for Congress

Policy issues include: how much authority Congress should grant to the executive branch over trade policy; if current functions and agency roles are adequate to advance U.S. trade policy and well-coordinated; and if the current system reflects and balances the diverse views in trade policy.

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