



United States
International Trade Commission

The Year in Trade 2023: Operation of the Trade Agreements Program 75th Report

September 2024

Publication Number: 5547

Investigation Number: 163-003



United States International Trade Commission

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Preface

This report is the 75th in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. § 2213(c)), under predecessor legislation, and pursuant to request. Section 163(c) states that “the United States International Trade Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.”

This report is one of the principal means by which the U.S. International Trade Commission provides Congress with factual information on the operation of the U.S. trade agreements program for 2023. The “trade agreements program” includes “all activities consisting of, or related to, the negotiation or administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution” and by congressional legislation.

Abbreviations and Acronyms

Acronyms	Term
AB	Appellate Body (WTO)
AD	antidumping
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AI	artificial intelligence
ALJ	administrative law judge
APEC	Asia-Pacific Economic Cooperation
APEP	Americas Partnership for Economic Prosperity
ASEAN	Association of Southeast Asian Nations
ATEC	Agreement on Trade and Economic Cooperation
BCG	bio-circular-green (economic model)
BDC	beneficiary developing country
BEA	Bureau of Economic Analysis (USDOC)
BEPS	base erosion and profit shifting (OECD and G20)
BIS	Bureau of Industry and Security (USDOC)
Brexit	Britain's vote to leave the European Union
BWH	Better Work Haiti (ILO and IFC)
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CARICOM	Caribbean Community
CBAM	Carbon Border Adjustment Mechanism
CBERA	Caribbean Basin Economic Recovery Act
CBP	U.S. Customs and Border Protection (USDHS)
CBTPA	Caribbean Basin Trade Partnership
Census	U.S. Census Bureau
C.F.R.	Code of Federal Regulations
Commission	U.S. International Trade Commission
CRS	Congressional Research Service
CTG	Council for Trade in Goods (WTO)
CTI	Committee on Trade and Investment (APEC)
CSPV	crystalline silicon photovoltaic
CVD	countervailing duty
DFC	U.S. International Development Finance Corporation
DS	Dispute Settlement (WTO)
DSB	Dispute Settlement Body (WTO)
DST	digital services tax
DSU	Dispute Settlement Understanding (WTO)
e-commerce	electronic commerce
EAC	East African Community
EC	European Commission
EDA	Economic Development Administration (USDOC)
ETA	Employment and Training Administration (USDOL)
EU	European Union
EV	electric vehicle
Fed. Reg.	<i>Federal Register</i>
FDI	foreign direct investment
FinCEN	Financial Crimes Enforcement Network (U.S. Treasury)
FLETF	Forced Labor Enforcement Task Force (USDHS)

Acronyms	Term
FTA	free trade agreement
FTAAP	Free Trade Area of the Asia-Pacific (APEC)
FY	fiscal year
G7	Group of Seven
G20	Group of Twenty
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
GRP	good regulatory practice
GSP	U.S. Generalized System of Preferences
GSP-LDBC	U.S. Generalized System of Preferences for least-developed beneficiary developing countries
HELP	Haitian Economic Lift Program
HOPE	Haitian Hemispheric Opportunity through Partnership Encouragement Act
HS	Harmonized Commodity Description and Coding System (Harmonized System)
HTS	Harmonized Tariff Schedule of the United States
ICT	information and communications technology
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IIP	Index of Industrial Production (UNIDO)
ILC	Interagency Labor Committee for Monitoring and Enforcement
ILO	International Labour Organization
IMF	International Monetary Fund
INL	Bureau of International Narcotics and Law Enforcement Affairs (USDOS)
IP	intellectual property
IPEF	Indo-Pacific Economic Framework for Prosperity
IRA	Inflation Reduction Act
ISIC	International Standard Industrial Classification (UN)
ITA	International Trade Administration (USDOC)
IUU	illegal, unreported, and unregulated (fishing)
KORUS	United States-Korea Free Trade Agreement
LDBC	least-developed beneficiary country
LDBDC	least-developed beneficiary developing country
LDC	least-developed country
LPO	Organic Products Law (Mexico)
LTFV	less than fair value
MC	Ministerial Conference (WTO)
MC12	12th Ministerial Conference (WTO)
MC13	13th Ministerial Conference (WTO)
METI	Ministry of Economy, Trade, and Industry (Japan)
MFN	most-favored-nation trade status = “normal trade relations” status in the United States
MNE	multinational enterprise
MOU	memorandum of understanding
MSME	micro, small, and medium-sized enterprises
NAFTA	North American Free Trade Agreement
NIE	not included elsewhere
NFIDC	net food importing developing country

Acronyms	Term
NGO	nongovernmental organization
NTPP	Nepal Trade Preference Program
NTPA	Nepal Trade Preferences Act
NTR	normal trade relations
OCTG	oil country tubular goods
OECD	Organisation for Economic Co-operation and Development
OIP	Outbound Investment Program (U.S. Treasury)
OTEXA	Office of Textiles and Apparel (ITA, USDOC)
RBC	responsible business conduct (RBC)
ROOs	rules of origin
RRM	rapid response mechanism (USMCA)
SMEs	small and medium-sized enterprises
SPS	sanitary and phytosanitary (standards)
SSA	sub-Saharan Africa
STIP	U.S.-Kenya Strategic Trade and Investment Partnership
TAA	trade adjustment assistance
TAARA	Trade Adjustment Assistance Reauthorization Act of 2015
TAD	Trade and Agriculture Directorate (OECD)
TAICNAR	Technical Assistance Improvement and Compliance Needs Assessment and Remediation
TBT	technical barriers to trade (WTO)
TCB	trade capacity building
TESSD	Trade and Environmental Sustainability Structured Discussions
TIC	Trade and Investment Council
TICA	Trade and Investment Cooperation Agreement
TICF	Trade and Investment Cooperation Forum
TICFA	Trade and Investment Cooperation Forum Agreement
TIFA	Trade and Investment Framework Agreement
TIWG	U.S.-Kenya Trade and Investment Working Group
TPA	trade promotion agreement
TPEA	Trade Preferences Extension Act
TRIPS Agreement	Trade-Related Aspects of Intellectual Property Rights Agreement (WTO)
TRQ	tariff-rate quota
TTC	U.S.-EU Trade and Technology Council
UFLPA	Uyghur Forced Labor Prevention Act
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
UNODC	United Nations Office on Drugs and Crime
UNWTO	United Nations World Tourism Organization
USAID	U.S. Agency for International Development
U.S.C.	U.S. Code
USDA	U.S. Department of Agriculture
USDHS	U.S. Department of Homeland Security
USDOC	U.S. Department of Commerce
USDOE	U.S. Department of Energy
USDOL	U.S. Department of Labor
USDOS	U.S. Department of State
USDOT	U.S. Department of Transportation
USITC	U.S. International Trade Commission

Acronyms	Term
USMCA	United States-Mexico-Canada Agreement
USTR	Office of the U.S. Trade Representative
U.S. Treasury	U.S. Department of the Treasury
WTO	World Trade Organization

Executive Summary

Global Trade Environment in 2023

After reaching a historic high value of \$25.3 trillion in 2022, global merchandise trade, measured by the average value of global merchandise exports and imports, decreased by 5.1 percent in 2023 to \$24.0 trillion. The downturn in merchandise trade affected all regions of the world across most product sectors; trade weaknesses in Asia accounted for the largest share of the global contraction in goods trade. In contrast, following the 2020 trough (dip in value), global exports of commercial services continued to rise, reaching a record high of \$7.8 trillion in 2023, up 9.0 percent compared to 2022.

Global Macroeconomic Trends

Global gross domestic product: The global economy, as measured by gross domestic product (GDP), continued to grow in 2023, though at a slower pace than in 2022. Global economic growth decelerated slightly in 2023 to 3.2 percent after growing by 3.5 percent in 2022. Emerging market and developing economies grew at a higher rate (4.3 percent) than advanced economies (1.6 percent). The U.S. economy grew by 2.5 percent in 2023, below the world average but higher than the average of advanced economies and the U.S. growth rate in 2022. In 2023, the economies of India and China grew at rates higher than the world average, Mexico's economy grew at the world average of 3.2 percent, while growth rates in Japan, Canada, the European Union (EU), and the United Kingdom (UK) were below the world average.

Inflation: Global inflation moderated but remained above its long-run average in 2023. Global consumer price inflation decelerated in 2023 to 6.8 percent from 8.7 percent in 2022. Emerging markets and developing economies experienced higher inflation than advanced economies. In the United States, inflation slowed to 4.1 percent in 2023 from 8.0 percent in 2022. All major U.S. trading partners except the UK experienced inflation rates below the world average. Among major U.S. trading partners, the UK and the EU experienced the highest inflation rates, while China and Japan experienced the lowest inflation rates. Despite easing in 2023, lingering inflation reduced real incomes, which adversely affected global merchandise trade through the reduced demand for imports.

Manufacturing output: Global manufacturing output growth slowed in 2023 to 1.2 percent from 2.9 percent in 2022. Industrializing economies experienced higher output growth than industrialized economies, with India and China recording the highest growth among the largest U.S. trading partners. Production increases in 2023 were largely driven by higher-technology industries, including motor vehicles, other transport equipment, and electrical equipment. Conversely, many sectors experienced declines in output, including furniture, leather products, and apparel. Overall, global manufacturing output growth in 2023 did not translate into growth in global merchandise trade. According to the World Trade Organization (WTO), the global merchandise trade shift to negative growth in 2023 can be attributed to challenging macroeconomic conditions primarily driven by inflationary pressures.

Exchange rate trends: The value of the U.S. dollar depreciated slightly overall during 2023 by 2.7 percent, according to the Board of Governors of the Federal Reserve System's broad index of global

currencies. The impact of the overall dollar depreciation on the U.S. trade flows appears to have been limited in 2023 relative to other global factors, such as lingering inflation, which dampens consumer demand (including for imports). The U.S. dollar depreciated against the currencies of four major U.S. trade partners (Mexico, the UK, the EU, and Canada) and appreciated against the currencies of three partners (Japan, China, and India). The largest U.S. dollar gains were against the Japanese yen (7.7 percent) and the Chinese yuan (2.7 percent), and the largest losses were against the Mexican peso (13.0 percent).

Global Trade Trends

Global merchandise trade: In 2023, the nominal value of global merchandise trade decreased by 5.1 percent relative to 2022, down to \$24.0 trillion. This signifies a reversal of a strong positive trend in global merchandise trade observed in the two prior years, with growth at 26.4 percent and 12.7 percent in 2021 and 2022, respectively, amid the global COVID-19 pandemic recovery. Global merchandise trade value contracted across most product sectors in 2023, with the largest decreases in fuels and mining products sectors. Contrary to the overall trend, trade in automotive products experienced robust growth (17 percent) mostly because of a surge in exports from China. Geographically, the merchandise trade downturn affected all regions of the world in 2023, with two-way trade in goods (defined as exports plus imports) contracting the most in Africa and Asia and the least in North America.

Global services trade: Global exports of commercial services grew to \$7.8 trillion in 2023, up 9.0 percent from 2022. Exports of travel services, “other commercial services,” and goods-related services increased in 2023, whereas exports of transportation services declined. The surge in travel services exports in 2023, similar to 2022, was largely driven by pent-up demand for travel as the COVID-19 pandemic subsided. The decline in the value of transportation services exports in 2023 was mainly attributable to a sharp fall in ocean freight prices due to reduced cargo volumes precipitated by falling consumer demand. The EU was the world’s leading exporter of commercial services in 2023, followed by the United States, the UK, China, and India. The EU was also the world’s largest importer of commercial services, followed by the United States, China, the UK, and Singapore.

Administration of U.S. Trade Laws and Regulations

Key Developments in 2023

Safeguard investigations: Safeguard provisions under sections 201–204 of the Trade Act of 1974 and under legislation that implements various U.S. bilateral free trade agreements set out a process under which the President may provide temporary relief to a domestic industry determined to be seriously injured, or threatened with serious injury, by increased imports, with measures designed to prevent or remedy the injury. Petitions are filed with the U.S. International Trade Commission (Commission), and if the Commission makes an affirmative determination, it recommends a remedy to the President. In 2023, no new petitions were filed and no new investigations were instituted. A global safeguard measure on solar cells and modules imposed before 2023 remained in place during the year, and a measure imposed before 2023 on imports of large residential washers expired in February 2023.

Trade adjustment assistance: The trade adjustment assistance (TAA) program provides aid to U.S. workers and firms adversely affected by import competition. On June 30, 2022, authorization for the TAA program expired and, as of year-end 2023, the program had not been reauthorized. After the authorization expired, neither the TAA for workers program, administered by the US Department of Labor (USDOL), nor the TAA for firms program, administered by the U.S. Department of Commerce's (USDOC's) Economic Development Administration, could accept new petitions or render determinations. In 2023, the TAA for workers program received \$89.6 million in funding to provide benefits to workers who had already been certified by the USDOL before 2023. In fiscal year 2023, the Economic Development Administration awarded \$13.5 million to the TAA for firms program and certified four petitions for eligibility that were received before June 30, 2022.

Section 301 investigations: Section 301 of the Trade Act of 1974 is designed to address unfair foreign practices affecting U.S. commerce. Section 301 authorizes the U.S. Trade Representative to enforce U.S. rights under trade agreements and respond to certain foreign trade practices. Active section 301 investigations in 2023 involved technology transfer, intellectual property, and innovation practices in China, as well as timber-related activities in Vietnam. Over the course of 2023, the Office of the U.S. Trade Representative (USTR) continued to monitor developments in section 301 investigations involving taxes on digital services proposed or adopted in France and other jurisdictions, large civil aircraft subsidies, and currency valuation in Vietnam.

Special 301 investigations: USTR conducts an annual review of the state of intellectual property rights enforcement and protection among U.S. trading partners pursuant to section 182 of the Trade Act of 1974, as amended (also known as "special 301"). To aid in the administration of the statute, USTR publishes a watch list and a priority watch list identifying countries with particular intellectual property rights-related problems. In its *2023 Special 301 Report*, USTR placed seven countries on the priority watch list: Argentina, Chile, China, India, Indonesia, Russia, and Venezuela. These same seven countries were also on the priority watch list in the *2022 Special 301 Report*. In 2023, USTR placed an additional 22 countries on the watch list and suspended the review of Ukraine because of Russia's invasion of Ukraine.

Antidumping and countervailing duty investigations and reviews: Title VII of the Tariff Act of 1930 offers relief to U.S. industries that are materially injured, or threatened with material injury, by imports that are sold, or likely to be sold, in the United States at less than fair value (dumped) or receiving subsidies meeting certain conditions or both. Under the law, USDOC determines whether the subject imports are being sold, or are likely to be sold in the United States at less than fair value or subsidized or both, and the Commission determines whether a U.S. industry is materially injured or threatened with material injury, or whether the establishment of a U.S. industry is materially retarded, by reason of such imports. During 2023, the Commission instituted 65 new antidumping duty investigations and made 64 preliminary determinations and 20 final determinations. As a result of the affirmative final determinations or the conclusion of a suspension agreement, the USDOC issued 14 antidumping orders or, in one instance, a suspension agreement, on seven products from 11 countries in 2023.

The Commission instituted 19 new countervailing duty (CVD) investigations and made 19 preliminary determinations and five final determinations during 2023. The USDOC issued five CVD orders or, in one instance, a suspension agreement, on five products from three countries in 2023 as a result of affirmative determinations or the conclusion of a suspension agreement. During 2023, the USDOC and the Commission instituted 82 reviews of existing antidumping and countervailing duties orders or

suspended investigations, and the Commission completed 116 reviews. As a result of affirmative determinations, 115 antidumping and countervailing duties orders were continued. The Commission also issued one negative determination in a review that resulted in the revocation of an order.

Section 129 determinations: Section 129 of the Uruguay Round Agreements Act sets out a procedure under which the United States may respond to an adverse WTO panel or Appellate Body report concerning U.S. obligations under the WTO agreements on safeguards, antidumping, or subsidies and countervailing duty measures. The USDOC completed one proceeding in 2023 regarding ripe olives from Spain. The dispute concerned the USDOC's final determination relating to a rate calculation for one company, benefits to downstream agricultural processors, and certain factual findings. The USDOC issued a final determination in December 2022, and USTR directed the USDOC in January 2023 to implement the determination.

Section 337 investigations: Section 337 of the Tariff Act of 1930 prohibits various unfair acts in the importation and sale of articles in the United States and is most commonly used in connection with allegations of patent infringement. Over the course of 2023, 107 active section 337 investigations and ancillary (secondary) proceedings alleged unfair practices in the import trade. Of the 50 new proceedings instituted in 2023, 37 were new section 337 investigations and 13 were new ancillary proceedings concerning previously concluded investigations. The Commission completed a total of 57 investigations and ancillary proceedings under section 337 in 2023 and issued one general exclusion order, 11 limited exclusion orders, and 39 cease and desist orders. Technology products remained the single largest category, with 36.4 percent of the active proceedings involving computer and telecommunications equipment and another 12.1 percent involving consumer electronics.

National security investigations: Section 232 of the Trade Expansion Act of 1962 provides for investigations to determine effects on national security of imports of articles. During 2023, the USDOC instituted no new investigations. Since 2017, the USDOC has initiated eight investigations, following more than a decade of inactivity. These investigations had no new developments in 2023, with the exceptions of investigations on steel and aluminum. In May 2023, the President concluded that Ukraine's situation remained a special case and extended the suspension of the section 232 tariffs on steel articles and derivative steel articles from Ukraine. Effective May 1, 2023, the USDOC directed U.S. Customs and Border Protection to modify tariff rate quotas for EU aluminum, Japanese steel, and UK steel and aluminum so that the section 232 exclusions would apply against quarterly or biannual limits rather than annual limits.

Trade Preference Programs

Trade preference programs generally provide duty-free treatment to U.S. imports of eligible articles from designated beneficiary countries. The value of U.S. imports entered under each of the four preference programs fell from 2022 to 2023. U.S. imports under the Caribbean Basin Economic Recovery Act (CBERA) fell the most in percentage terms, and U.S. imports under the U.S. Generalized System of Preferences (GSP) fell the most in value. The changes in utilization rates are mixed. The utilization rate of the African Growth and Opportunity Act (AGOA) and the Nepal Trade Preference Program increased from 2022 to 2023, and the utilization rates of the GSP and CBERA programs fell during the same period.

Generalized System of Preferences: The GSP program authorizes the President to grant duty-free treatment to imports of eligible articles from designated beneficiary developing countries. As of December 29, 2023, 119 countries and territories were designated beneficiaries. The President's authority to provide duty-free treatment under the GSP program expired on December 31, 2020, and had not been reauthorized at year-end 2023. With the lapse in authority, U.S. importers were still permitted to claim GSP preferences, but could not receive them, pending reauthorization of the President's authority. In 2023, USTR continued to engage with beneficiary countries on the use of benefits and compliance with eligibility criteria.

African Growth and Opportunity Act: AGOA provides tariff preferences to eligible sub-Saharan African countries. Every year, the President must consider the eligibility status of each country. In 2023, imports from 35 designated sub-Saharan African countries were eligible for AGOA benefits. Imports from 23 of these countries were also eligible for AGOA textile and apparel benefits for all or part of 2023. As a result of the 2023 annual AGOA review, AGOA eligibility was terminated for the Central African Republic, Gabon, Niger, and Uganda, and AGOA benefits were reinstated for Mauritania effective January 1, 2024. The 2023 AGOA Forum convened in South Africa in November 2023.

Caribbean Basin Economic Recovery Act: In 2023, imports from 17 countries and dependent territories were eligible for CBERA preferences. Among these, eight were eligible for expanded preferences under the Caribbean Basin Trade Partnership Act. Utilization of preferences and regional trade were the focus of discussion at the 2023 U.S.-Caribbean Community Trade and Investment Council meeting. Haiti received additional preferences under the CBERA program through the Haitian Hemispheric Opportunity through Economic Partnership Encouragement Acts of 2006 and 2008 (HOPE Acts) and the Haiti Economic Lift Program Act of 2010 (HELP Act). Civil unrest and security issues substantially affected the Haitian apparel sector, though U.S. and international organizations continued to engage in programs supporting the sector and utilization of preferences under the HOPE and HELP Acts during 2023.

The World Trade Organization

World Trade Organization developments in 2023: During 2023, the WTO General Council's primary meeting agenda was the preparation for the upcoming 13th Ministerial Conference scheduled for February 2024. Another focus throughout the year was the push toward meaningful progress on ongoing negotiations, including the following:

- **Fisheries subsidies:** By the end of 2023, 55 WTO members, including the United States, had formally accepted the Agreement on Fisheries Subsidies, a multilateral agreement that prohibits subsidies to vessels or operators engaging in illegal, unreported, and unregulated fishing. Throughout 2023, the Negotiating Group on Rules carried out "a second wave" of negotiations, with a goal of making recommendations to the 13th Ministerial Conference on additional provisions for a comprehensive agreement on fisheries subsidies.
- **Extension of the Trade-Related Aspects of Intellectual Property Rights Agreement waiver to COVID-19 therapeutics and diagnostics:** Throughout 2023, WTO members continued the negotiation on a Trade-Related Aspects of Intellectual Property Rights Agreement waiver extension to COVID-19 therapeutics and diagnostics. Upon USTR's request, the Commission conducted an investigation and published a report on October 17, 2023, on supply and demand,

availability and pricing, and the role of intellectual property protections for these products. WTO members noted that the report is helping to inform the discussions.

- **Agriculture and food security:** Food security was a focus of agriculture negotiations in 2023. The United States made three submissions to the WTO related to agriculture and food security negotiations, highlighting the important role of the WTO and the use of trade rules in advancing global food security, as well as promoting sustainable agricultural productivity growth.

In 2023, attempts to resolve the impasse over restoring a functioning dispute settlement process continued; however, the situation was not resolved in 2023 or by the 13th Ministerial Conference. USTR issued a report on its concerns regarding the Appellate Body in 2020. In 2023, USTR circulated a report on objectives for reforming the dispute settlement system.

World Trade Organization dispute activities in 2023: During 2023, WTO members filed six new requests for dispute settlement consultations. One of the six new requests was filed by Argentina against the United States. Argentina's request for consultations with the United States concerned a U.S. antidumping measure on oil country tubular goods. Slovakia, Hungary, and Poland filed three of the five remaining requests, each against Ukraine. Indonesia filed the remaining two requests against the EU. The United States filed no new requests.

Regarding requests filed before 2023, WTO dispute settlement panels issued two reports in 2023 on two separate disputes initiated by the United States. These reports were issued in August and December 2023, concerning measures adopted by, respectively, respondents China and Türkiye. Both disputes related to additional duties imposed by the respondents on certain products from the United States. In both cases, the panel, among other conclusions, found that additional duties imposed by the respondents were inconsistent with Articles I:1, II:1(a), and II:1(b) of the General Agreement on Tariffs and Trade 1994.

During 2023, the United States resolved seven outstanding disputes by mutual agreement and notified their respective mutually agreed solutions to the WTO. One such dispute was with the Republic of Korea (South Korea) related to the U.S. safeguard measure on large residential washers. On April 28, 2023, the Dispute Settlement Body adopted the panel report in the dispute and the United States and South Korea jointly notified the Dispute Settlement Body that the parties had reached a mutually agreed solution. The other six resolved disputes concerned India, three in which the United States was the complainant and three in which the United States was the respondent. India agreed to remove retaliatory tariffs on certain U.S. products, including chickpeas, lentils, almonds, walnuts, apples, boric acid, and diagnostic reagents, that it had imposed in response to the U.S. section 232 national security measures.

Selected Regional and Bilateral Activities

Organisation for Economic Co-operation and Development: The theme of the 2023 Organisation for Economic Co-operation and Development (OECD) Ministerial Council Meeting was "Securing a Resilient Future: Shared Values and Global Partnerships." Some highlights of the meeting included the launch of the Ukraine Country Programme, the adoption of a new OECD Strategic Framework for the Indo-Pacific, discussions concerning gender equality, and work on digital trade for development. The 10th anniversary of the adoption of the Base Erosion and Profit Shifting Action Plan, designed to address tax avoidance and double non-taxation of Multinational Enterprise profits, was marked in 2023. In 2023, the OECD

announced that Kuwait, the Philippines, and Uzbekistan had joined the OECD/G20 Inclusive Framework on the Base Erosion and Profit Shifting, bringing the total number of framework members to 145 OECD and non-OECD countries and jurisdictions. In 2023, the OECD adopted a targeted update of the Guidelines for Multinational Enterprises on Responsible Business Conduct, the first since 2011.

Asia-Pacific Economic Cooperation: In 2023, the United States chaired the Asia-Pacific Economic Cooperation (APEC) forum, hosting meetings on the theme of “Creating a Resilient and Sustainable Future for All,” which identified three policy priorities for the year: to build an interconnected, innovative, and inclusive region. APEC’s work in 2023 focused on digitalization and innovation, advancement of economic integration in the region, and inclusion and sustainability. Additional activities, including the APEC Women and the Economy Forum in August 2023, focused on women’s participation in the economy and in trade.

Trade and Investment Framework Agreements: As of year-end 2023, the United States had entered into 60 Trade and Investment Framework Agreements (TIFAs). A number of TIFA council meetings took place in 2023, including with Central Asian countries, the Gulf Cooperation Council, Nepal, Pakistan, Paraguay, Saudi Arabia, Sri Lanka, Thailand, and Vietnam. In addition to council meetings, the United States and TIFA partners convened other working groups to discuss specific concerns and collaborative issues. In addition, in February 2023, the United States led the first-ever Senior Officials Meeting under the U.S.-Pacific Islands Trade and Investment Dialogue, which was set up in 2022. Senior officials from 18 member states of the Pacific Islands Forum participated in the meeting.

Other trade initiatives: The Indo-Pacific Economic Framework for Prosperity (IPEF) was launched in 2022. In 2023, the United States participated in six negotiating rounds, including one special negotiating round, and two ministerial meetings. The IPEF comprises four pillars, three of which saw substantial conclusions of negotiations in 2023: Pillar Two (supply chains), Pillar Three (clean economy), and Pillar Four (fair economy). The IPEF Agreement Relating to Supply Chain Resilience was signed by the 14 IPEF member countries in November 2023 and entered into force in February 2024. Negotiations on Pillar One (trade) continued throughout 2023.

The United States continued work on the Americas Partnership for Economic Prosperity (APEP), a regional framework that was announced in June 2022. Ministers of the 12 member countries held their first event in January 2023, identifying priorities for work under the foreign affairs, trade, and finance tracks. Accomplishments in 2023 under APEP include the launch of investment platforms with regional development banks and the organization of entrepreneur and workforce training for critical sectors.

U.S. Free Trade Agreements

As of year-end 2023, the United States was party to 14 free trade agreements (FTAs) involving a total of 20 countries (table ES.1).

Table ES.1 U.S. free trade agreements (FTAs) in force as of December 31, 2023

TPA = trade promotion agreement.

FTA	Date of signature	Date of entry into force
United States-Israel FTA	April 22, 1985	September 1, 1985
United States-Jordan FTA	October 24, 2000	December 17, 2001
United States-Chile FTA	June 6, 2003	January 1, 2004
United States-Singapore FTA	May 6, 2003	January 1, 2004
United States-Australia FTA	May 18, 2004	January 1, 2005
United States-Morocco FTA	June 15, 2004	January 1, 2006
United States-Bahrain FTA	September 14, 2004	August 1, 2006
Dominican Republic-Central America-United States FTA (CAFTA-DR)	May 28, 2004	Various dates, 2006–09
United States-Oman FTA	January 19, 2006	January 1, 2009
United States-Peru TPA	April 12, 2006	February 1, 2009
United States-Korea FTA	June 30, 2007	March 15, 2012
United States-Colombia TPA	November 22, 2006	May 15, 2012
United States-Panama TPA	June 28, 2007	October 31, 2012
United States-Mexico-Canada Agreement	November 30, 2018	July 1, 2020

Source: USTR, “Free Trade Agreements,” accessed May 20, 2024.

Notes: CAFTA-DR includes the United States, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua. All parties signed CAFTA-DR on May 28, 2004, except the Dominican Republic, which signed on August 5, 2004. CAFTA-DR entered into force between the United States and El Salvador on March 1, 2006; between the United States and Honduras and Nicaragua on April 1, 2006; between the United States and Guatemala on July 1, 2006; between the United States and the Dominican Republic on March 1, 2007; and between the United States and Costa Rica on January 1, 2009. On July 1, 2020, the United States-Mexico-Canada Agreement replaced the North American Free Trade Agreement, which had entered into force on January 1, 1994. The term “free trade agreements” includes FTAs and trade promotion agreements (TPAs).

U.S. imports under free trade agreements: The value of U.S. merchandise imports under FTAs (hereafter FTA imports) increased by 5.7 percent to \$517 billion in 2023. FTA imports accounted for 16.8 percent of U.S. imports from the world. Of the 14 FTAs, imports under the United States-Mexico-Canada Agreement (USMCA) encompassed more than three-quarters of total FTA imports. Imports under the USMCA increased 6.3 percent in 2023, and imports under the non-USMCA FTAs increased 3.5 percent, mainly driven by imports from South Korea. The utilization rate across all FTAs was 76.9 percent in 2023. In 2023, U.S. FTAs had higher utilization rates compared with other U.S. tariff preference programs, including AGOA, CBERA, GSP, and the Nepal Trade Preference Program. Chile and Jordan sustained utilization rates above 90 percent during 2021–23. Australia, Bahrain, CAFTA-DR, Mexico, Peru, and South Korea had utilization rates above 80 percent in 2023.

United States-Mexico-Canada Agreement implementation: April 30, 2023 marked the conclusion of Mexico’s four-year window to implement reforms required under the USMCA’s Labor chapter annex. This transition provided a process for unions that already existed at the beginning of the reform window to undergo legitimization votes for workers to approve or reject collective bargaining agreements; less than a quarter underwent the vote and the other collective bargaining agreements are no longer valid. The U.S.-Mexico Facility-Specific Rapid Response Labor Mechanism (RRM) allows the United States to take expedited enforcement actions against individual factories that appear to be denying Mexican workers the right of freedom of association and collective bargaining under Mexican law. During 2023, the United States invoked the mechanism on 13 occasions. In 2023, the USMCA Labor Council met for the second time. The USDOL continued providing technical assistance for USMCA implementation, and funded a new project with the International Labour Organization supporting capacity building centered on collective bargaining.

The second USMCA Small and Medium-Sized Enterprise (SME) Dialogue, in September 2023, focused on electronic commerce, export processes and financing, and women-owned businesses. Additionally, a roundtable targeted women-owned export businesses in the region. The USMCA Environment Committee meeting held in September 2023 covered a number of topics, including environmental protection and law enforcement. Consultations with Mexico concerning protection of certain endangered species continued in 2023. Likewise, consultations the United States had requested in 2022 with Mexico on certain policies affecting energy markets continued in 2023.

North American Free Trade Agreement and United States-Mexico-Canada Agreement dispute

settlement: USMCA disputes involving dairy tariff-rate quotas and automotive rules of origin were concluded in 2023, and the United States requested that a dispute settlement panel be convened under the RRM for the first time, involving a mine operator in Mexico. The USMCA provides that disputes filed under the NAFTA dispute provisions would continue under those provisions. Four panel reviews under NAFTA for antidumping and countervailing duties cases were concluded in 2023, and two new requests for panel review under the USMCA were filed, bringing the total of active panel reviews for antidumping and countervailing duties cases to 11.

Key developments in other free trade agreements in 2023: U.S. officials engaged with FTA partners through various mechanisms to discuss a range of trade and investment-related issues during 2023. Frequent topics included the environment, agricultural trade concerns, labor rights, and trade capacity building. Environmental topics discussed in 2023 under various FTAs included forestry; illegal, unreported, and unregulated fishing; and issues under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. One highlight is the establishment of a Subcommittee on Environmental Affairs under the United States-Jordan FTA. The USDOL played an active role in labor engagements under several FTAs, including with Colombia, Peru, Jordan, and CAFTA-DR. Several programs under CAFTA-DR addressed the above topics, including through capacity-building activities addressing labor law enforcement and trade facilitation for inclusive economic development.

U.S. Developments with Selected Trading Partners in 2023

This chapter reviews developments in U.S. bilateral trade relations in 2023 with eight selected trading partners. The United States' six largest trading partners—the European Union (EU), Canada, Mexico, China, the United Kingdom (UK), and Japan—were selected on the basis of their bilateral trade value in goods and services with the United States, as well as the extent of trade policy activity between those countries and the United States in 2023. The other two—Taiwan and Kenya—were selected on the basis of the extent of their trade policy activities and engagement with the United States in 2023. This chapter also presents statistics on U.S. trade in goods and services with the largest U.S. trading partners (table ES.2).

Table ES.2 U.S. merchandise and services trade with the six largest trading partners, 2023

In billions of dollars.

Trading partner	Total two-way merchandise trade	Total two-way services trade	Merchandise trade rank	Service trade rank
European Union	943.9	446.8	1	1
Mexico	798.0	88.8	2	4
Canada	773.0	140.3	3	3
China	574.7	66.9	4	8
Japan	222.9	81.5	5	5
United Kingdom	138.5	176.9	7	2

Source: USITC DataWeb/Census, accessed July 2, 2024. USDOC, BEA, International Transactions, International Services, and International Investment Position Tables, Table 3.1, U.S. International Trade in Services, June 25, 2024.

Notes: Trading partners are listed in order of rank in total two-way merchandise trade. Total two-way merchandise trade is calculated by adding total exports and general imports. Total two-way services trade is calculated by adding total exports of services and total imports of services.

A summary of major developments in bilateral trade policies and programs during 2023 with each of the selected trading partners follows:

European Union: Major developments in U.S.-EU trade relations in 2023 included the fourth ministerial meeting of the U.S.-EU Trade and Technology Council, the launch of negotiations on a U.S.-EU critical minerals agreement, and U.S.-EU ongoing negotiations on the Global Arrangement on Sustainable Steel and Aluminum.

Canada: In 2023, the Canadian government published its latest draft legislation for a digital services tax. Other 2023 developments include Canada's plastic waste strategy and laws regarding imports of clean fuel. A significant development in the U.S.-Canada bilateral relationship in 2023 was the November 24 release to the public of the findings of a dispute settlement panel regarding Canada's dairy tariff-rate quota allocation measures under the USMCA.

Mexico: Major events in U.S.-Mexico trade relations included the continued implementation of the USMCA and discussions concerning the U.S.-Mexico High-Level Economic Dialogue. In 2023, the United States established a USMCA dispute settlement panel regarding Mexico's 2020 Corn Decree, which banned certain products of agricultural biotechnology. The United States also invoked the RRM, a tool to enforce USMCA labor obligations, on 13 occasions against various facilities in Mexico.

China: During 2023, major U.S.-China trade developments included an extension of the four-year statutory reviews on the section 301 investigation, reinstatement of certain U.S. tariff exclusions of section 301 tariffs on imports from China, and the enforcement of the Uyghur Forced Labor Prevention Act, as well as enhanced export controls related to advanced computing and semiconductor manufacturing, new additions to the Entity List, and outbound investment restrictions in sensitive technologies.

United Kingdom: Major developments in U.S.-UK trade relations in 2023 included the Atlantic Declaration, the launch of negotiations on a U.S.-UK critical minerals agreement, and the expansion of engagements between the UK and U.S. state governments.

Japan: In 2023, the United States and Japan signed an agreement on critical minerals supply chains. Other developments between the United States and Japan in 2023 included cooperation on multilateral and bilateral issues, including international labor standards, trade-related economic coercion and nonmarket policies and practices, and supply chain disruptions.

Taiwan: In June 2023, the United States and Taiwan signed the first agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, covering policy areas on customs and trade facilitation, good regulatory practices, services domestic regulation, anti-corruption, and small and medium-sized enterprises. During 2023, the United States and Taiwan also continued negotiations in other policy areas.

Kenya: In 2023, the major trade engagement with Kenya focused on negotiations toward the U.S.-Kenya Strategic Trade and Investment Partnership. The two negotiating rounds—one each in April and October—covered proposed text on agriculture; anti-corruption; micro, small, and medium-sized enterprises; and services domestic regulation. Kenya and the United States also engaged through TIFAs and under AGOA.

Chapter 1

Global Trade Environment in 2023

Introduction

Scope and Approach of the Report

This report provides information on the operation of the U.S. trade agreements program for 2023. Section 163(c) of the Trade Act of 1974 states, “the United States International Trade Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.”¹ Section 1 of Executive Order 11846 defines the trade agreements program to include “all activities consisting of, or related to, the negotiation or administration of international agreements which primarily concern trade.”² This report also provides information on the administration of U.S. trade laws and other trade-related policies, to the extent appropriate and to the extent that developments were reportable and information was publicly available. These topics correspond to the types of information the President is to include in a report required under section 163(a) of the Trade Act of 1974.³ This year marks the 75th annual report prepared by the U.S. International Trade Commission (Commission or USITC).⁴

Sources

This report is based on primary source materials about U.S. trade programs and administrative actions pertaining to them. These materials chiefly reflect information published in U.S. government reports, *Federal Register* notices, and news releases, including publications and news releases by the Commission and the Office of the U.S. Trade Representative (USTR).⁵ Other primary sources of information include publications of international institutions, such as the International Monetary Fund (IMF), the World Bank, the Organisation for Economic Co-operation and Development (OECD), the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) forum, the United Nations (UN), and foreign governments. When primary source information is unavailable, the report draws on professional journals, trade publications, and news reports for supplemental information.

¹ Trade Act of 1974, Pub. L. No. 93-618, § 163(c), 88 Stat. 1978, 2009 (1975) (codified as amended at 19 U.S.C. § 2213(c)).

² Executive Order 11846, § 1; 40 Fed. Reg. 14291 (March 27, 1975).

³ Trade Act of 1974, Pub. L. No. 93-618, § 163(a), 88 Stat. 1978, 2009 (codified as amended at 19 U.S.C. § 2213(a)). Section 163(a)(2)–(3) specifies the types of information that the President is to include in the report.

⁴ The annual reports began in 1949 and were prepared under the name of the Commission’s predecessor, the U.S. Tariff Commission (established by section 330 of the Tariff Act of 1930), which was renamed the USITC on January 3, 1975. Trade Act of 1974, Pub. L. No. 93-618 § 171 (codified as amended at 19 U.S.C § 2231).

⁵ USTR’s *2024 Trade Policy Agenda and 2023 Annual Report* includes identical page numbers in multiple chapters of the report; to ensure citation accessibility for readers, all page references to this USTR report are the PDF-generated page numbers starting at page 1 and proceeding consecutively.

Like past reports, *The Year in Trade 2023: Operation of the Trade Agreements Program* also relies on data from the U.S. Census Bureau of the U.S. Department of Commerce (USDOC) for U.S. merchandise trade statistics presented in chapters 1 through 6. Most tables in the report present U.S. merchandise trade statistics using “total exports” and “general imports” as measures, except for tables on imports that have entered the United States with a claim of eligibility under trade preference programs and free trade agreements, as in chapters 2 and 5.⁶ Such data require an analysis of U.S. “imports for consumption”—the total of all goods that have been released by U.S. Customs and Border Protection, in the U.S. Department of Homeland Security, to enter the customs territory of the United States with required duties paid. Chapter 6 also offers data on U.S. services trade. The information on U.S. cross-border total services trade is based on official statistics that are published by the USDOC’s Bureau of Economic Analysis (BEA).

Trade statistics in this report may not always match the data presented in previous reports because much of the trade data used in the report, including U.S. merchandise and services trade data, are revised over time.

Organization of the Report

This chapter gives an overview of the global trade environment within which U.S. trade policy was conducted in 2023. Chapter 2 covers the administration of U.S. trade laws and regulations in 2023, including trade preference programs. Chapter 3 focuses on U.S. participation in the WTO, including significant developments in WTO dispute settlement cases during 2023. Chapter 4 reviews 2023 developments at the OECD and APEC, developments involving trade and investment framework agreements, and other regional trade initiatives under negotiation. Chapter 5 analyzes U.S. imports under free trade agreements, summarizes U.S. participation in free trade agreements in 2023, and highlights developments in the implementation of the United States-Mexico-Canada Agreement. Chapter 6 discusses major developments in trade relations with selected major U.S. trading partners. Data on trade with selected partners, as well as information on specific investigations covered in chapters 2 and 3, are provided in an online [interactive dashboard](#) for this report.

⁶ “Total exports” measures the total physical movement of goods out of the United States to foreign countries, whether such goods are exported from the U.S. customs territory, from a U.S. Customs and Border Protection (CBP) bonded warehouse, or a U.S. foreign-trade zone. The total exports measure is the sum of domestic exports and “foreign exports” (also known as re-exports). “General imports” measures the total physical arrivals of merchandise from foreign countries, whether such merchandise enters the U.S. customs territory immediately or is entered into bonded warehouses or foreign-trade zones under CBP custody. These two measures—total exports and general imports—are the broadest measures of U.S. merchandise trade reported by the U.S. Census Bureau, and they are used by the USDOC’s BEA, with adjustments, to report on U.S. trade flows in official government balance of payment statistics. These are also the measures most commonly used internationally. “*Special Topic: Trade Metrics*” chapter in USITC, *Shifts in U.S. Merchandise Trade 2014*, June 2015; USITC, *A Note on Trade Statistics*, August 22, 2014.

Global Trade Environment in 2023

Global Macroeconomic Trends in 2023

This section presents an overview of macroeconomic conditions in 2023 to provide context for the U.S. and global trade changes discussed in this report. In 2023, global growth slowed in both gross domestic product (GDP) and manufacturing output relative to 2022. GDP growth trends varied among economies in 2023, with the United States and China experiencing higher growth rates and the European Union (EU) experiencing lower growth rates relative to 2022. The pace of global inflation slowed in 2023 but remained substantially above its long-term trend. The U.S. dollar experienced mixed trends relative to currencies of major trading partners, but the broad dollar index depreciated slightly overall during the year.⁷ Despite overall positive GDP growth in 2023, world merchandise trade declined in terms of both volume and value (see the Global Merchandise Trade section below) amid challenging macroeconomic conditions primarily driven by inflationary pressures (see the Inflation section below).

GDP

Global GDP grew by an estimated 3.2 percent overall in 2023 relative to 2022.⁸ Growth slowed slightly from the 3.5 percent increase experienced in 2022, which had followed a 6.5 percent increase in 2021.⁹ Emerging markets and developing economies experienced higher growth rates (4.3 percent) than advanced economies (1.6 percent) in 2023 relative to 2022.¹⁰

The IMF noted that economic growth in 2023 was above expectations in the United States and some large emerging market and middle-income economies.¹¹ Overall economic growth in these countries was buoyed by higher-than-expected spending by households and governments as well as business investment.¹² Some headwinds to global growth lessened in 2023, including the easing of supply chain pressures.¹³ Meanwhile, growth in the EU was negatively impacted by lower consumer confidence, the residual effects of high energy prices, and low manufacturing and business investment.¹⁴ The IMF identified several factors continuing to weigh on global economic growth, including lingering effects of the COVID-19 pandemic, Russia's invasion of Ukraine, slow productivity growth, and increased economic fragmentation among countries.¹⁵

Among the United States' major trading partners, India and China experienced the highest GDP growth rates in 2023, at 7.8 percent and 5.2 percent, respectively (figure 1.1). In 2023, Mexico's GDP grew at the world average of 3.2 percent. Japan's growth rate was slower than the global average. Canada, the EU,

⁷ Federal Reserve Board, "Foreign Exchange Rates—H-10 Weekly," April 22, 2024.

⁸ IMF, *World Economic Outlook*, April 16, 2024, 138.

⁹ IMF, *World Economic Outlook*, April 16, 2024, 138.

¹⁰ IMF, *World Economic Outlook*, April 16, 2024, 138. For additional details on how the IMF classifies economies by level of development, see IMF, WEO database, "Groups and Aggregates Information," April 2024.

¹¹ IMF, *World Economic Outlook*, April 16, 2024, 1.

¹² IMF, *World Economic Outlook*, April 16, 2024, 1, 3.

¹³ IMF, *World Economic Outlook Update*, January 2024, 1.

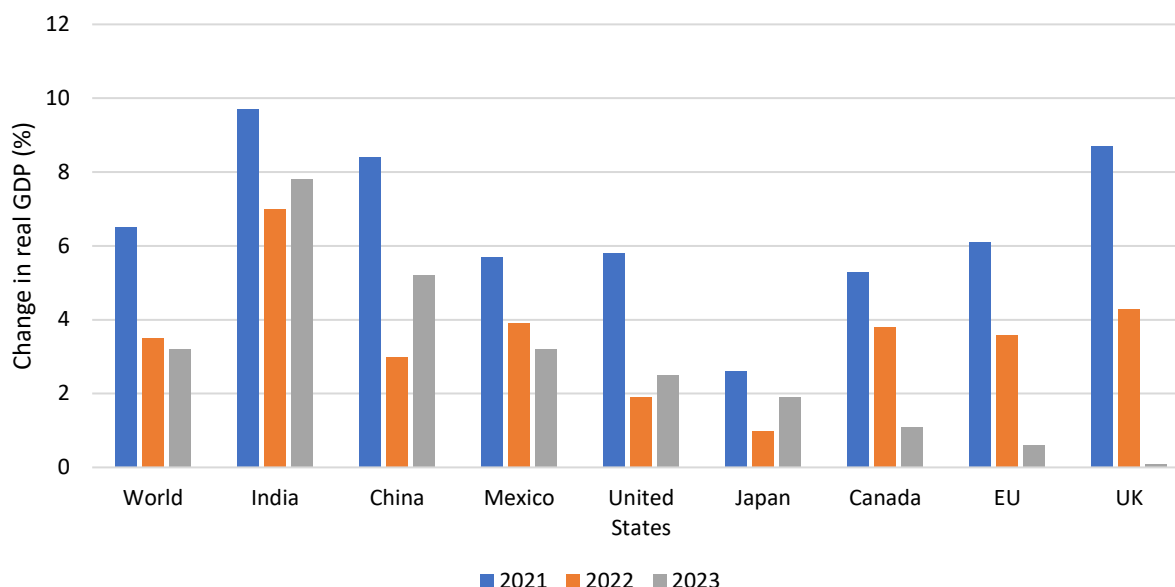
¹⁴ IMF, *World Economic Outlook*, April 16, 2024, 1, 3.

¹⁵ IMF, *World Economic Outlook*, April 16, 2024, 1.

and the United Kingdom (UK) experienced the lowest growth rates of the major trading partners. U.S. GDP rose by 2.5 percent in 2023, an increase from the 1.9 percent growth rate in 2022.¹⁶

Figure 1.1 Change in real GDP, by the world economy and selected major economies, annual, 2021–23

In percentages. EU = European Union, UK = United Kingdom. Underlying data for this figure can be found in appendix [table A.1](#).



Source: IMF, *World Economic Outlook*, April 16, 2024, 138–39 and 142–47. USDOC, BEA, “Table 5. Real Gross Domestic Product: Annual Percent Change,” July 25, 2024.

Note: Individual economies are ordered by 2023 GDP growth rates, from highest to lowest.

Inflation

The pace of global inflation slowed from 8.7 percent in 2022 to 6.8 percent in 2023. Inflation was higher in emerging markets and developing economies (8.3 percent) than in advanced economies (4.6 percent) in 2023.¹⁷ Looking at changes over the course of the year, the IMF noted that inflation in most countries had returned to near pre-pandemic levels by the end of 2023.¹⁸

All major U.S. trading partners except Japan experienced lower inflation in 2023 than in 2022 and all except the UK had inflation rates below the world average (figure 1.2). Among major U.S. trading partners, inflation rates in 2023 were lowest in China at 0.2 percent, in Japan at 3.3 percent, and in Canada at 3.9 percent. The U.S. inflation rate of 4.1 percent in 2023 was substantially below the 8.0 percent rate in 2022. The United States experienced a larger decrease in its annual inflation rate in 2023 than the world average and all major trading partners.

Despite easing in 2023, lingering inflation reduced real incomes and thus adversely affected the demand for imports. As consumption of manufactured goods declined, especially those with high import content,

¹⁶ USDOC, BEA, “Table 5. Real Gross Domestic Product: Annual Percent Change,” July 25, 2024.

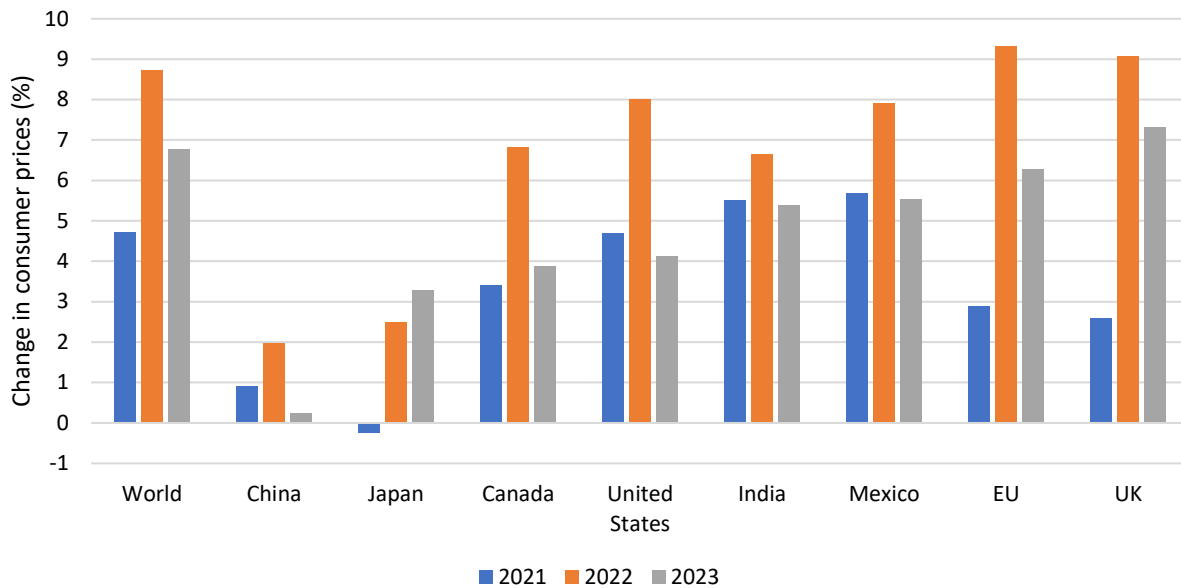
¹⁷ IMF, *World Economic Outlook*, April 16, 2024, 145.

¹⁸ IMF, *World Economic Outlook*, April 16, 2024, 1.

global merchandise trade contracted (see the Global Merchandise Trade section below).¹⁹ Notably, inflation had a more pronounced impact on real incomes and consumption in the EU in 2023; the price of energy in the EU had reached record levels a year earlier.²⁰ Central banks in advanced economies have raised interest rates since the start of 2022 to curb inflation.²¹ As real interest rates increased, households and firms faced higher borrowing costs, which further affected consumption and investment decisions, dampening aggregate demand.²²

Figure 1.2 Change in consumer prices, by the world economy and selected major economies, annual, 2021–23

In percentages. EU = European Union, UK = United Kingdom. Underlying data for this figure can be found in appendix [table A.2](#).



Source: IMF, “World Economic Outlook Database,” April 16, 2024.

Note: Individual economies are ordered by the 2023 inflation rate, from lowest to highest.

Manufacturing Output

Global manufacturing production grew by 1.2 percent in 2023, slower than the 2.9 percent increase in 2022 and the 9.4 percent increase in 2021.²³ In 2023, industrialized economies experienced production

¹⁹ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 6.

²⁰ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 6; European Council, “Energy Price Rise Since 2021,” January 27, 2024.

²¹ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 6.

²² WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 6; IMF, “Higher-for-Longer Interest Rate Environment Is Squeezing More Borrowers,” October 10, 2023.

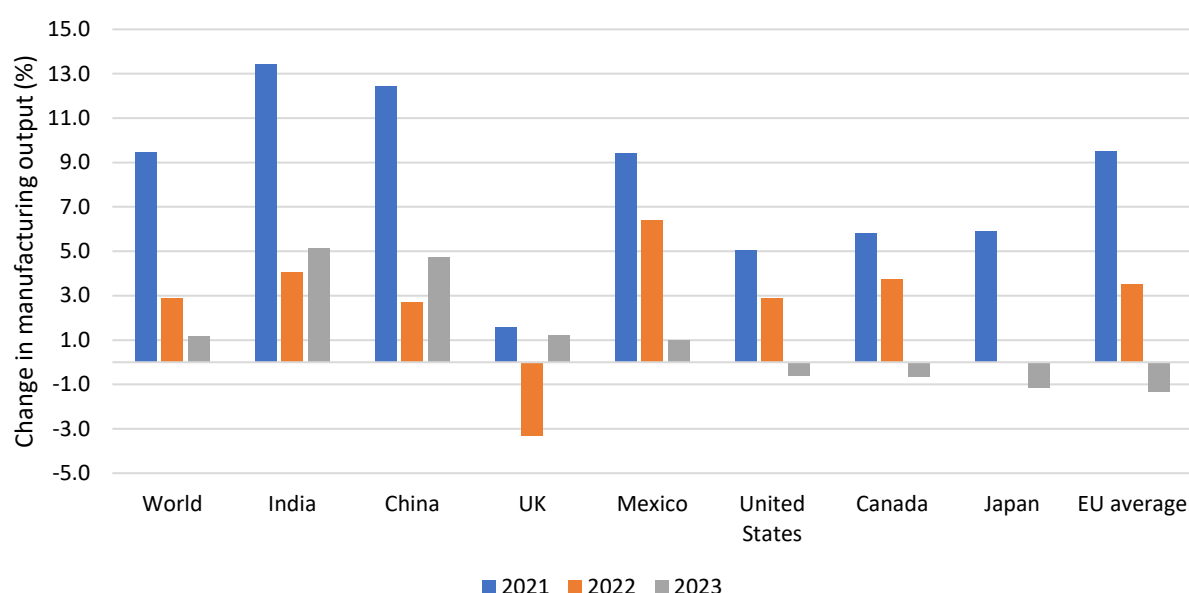
²³ UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024. UNIDO IIP data are from the national statistics of 117 countries, which comprise 97.2 percent of global manufacturing value added. UNIDO, *World Manufacturing Production, Q4 2023*, March 12, 2024, 13.

output growth at 0.9 percent, lower than industrializing economies, which grew by 3.4 percent.²⁴ The UN Industrial Development Organization (UNIDO) identified several challenges facing the manufacturing sector, including demand dampened by global inflation, lingering supply chain disruptions, regional conflicts, skilled worker shortages in some industries, and natural disasters.²⁵

India and China had the highest manufacturing output growth rates among the largest U.S. trading partners, at 5.1 percent and 4.7 percent, respectively, in 2023 (figure 1.3). UK manufacturing grew apace with the world average of 1.2 percent, and Mexico saw a growth rate of 1.0 percent. Manufacturing output declined in 2023 compared to 2022 in the United States, Canada, Japan, and the EU.

Figure 1.3 Change in manufacturing output, for the world and selected major economies, annual, 2021–23

In percentages. EU = European Union, UK = United Kingdom. Underlying data for this figure can be found in appendix [table A.3](#).



Source: UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024.

Note: European Union average represents a simple unweighted average manufacturing output growth across 27 member countries. Individual economies are ordered by 2023 manufacturing output growth rates, from highest to lowest. Japan’s growth rate is zero percent for 2022.

Overall, global manufacturing output growth in 2023 of 1.2 percent did not translate into growth in global merchandise trade. On the contrary, global merchandise trade experienced a broad-based

²⁴ UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024. Industrial economies make up more than 90 percent of global manufacturing output. UNIDO, *World Manufacturing Production, Q4 2023*, March 12, 2024, 5. For an explanation of industrialized and industrializing economies, see UNIDO, “How Does UNIDO Group Countries by Stage of Development?,” accessed April 23, 2024.

²⁵ UNIDO, *World Manufacturing Production, Q4 2023*, March 12, 2024, 2.

contraction of 5.1 percent.²⁶ According to the WTO, the downturn in global merchandise trade in 2023 can be attributed to challenging macroeconomic conditions primarily driven by inflationary pressures.²⁷

In 2023, production increases were driven by higher-technology industries.²⁸ Motor vehicles led growth among manufacturing industries, with output increasing by 10.5 percent in 2023 (figure 1.4). Other sectors experiencing large increases included other transport equipment, electrical equipment, repair and installation of machinery and equipment, basic metals, and coke and refined petroleum products. Many sectors experienced declines in output, with the largest declines in furniture, leather products, apparel, paper products, and printing and recording media.

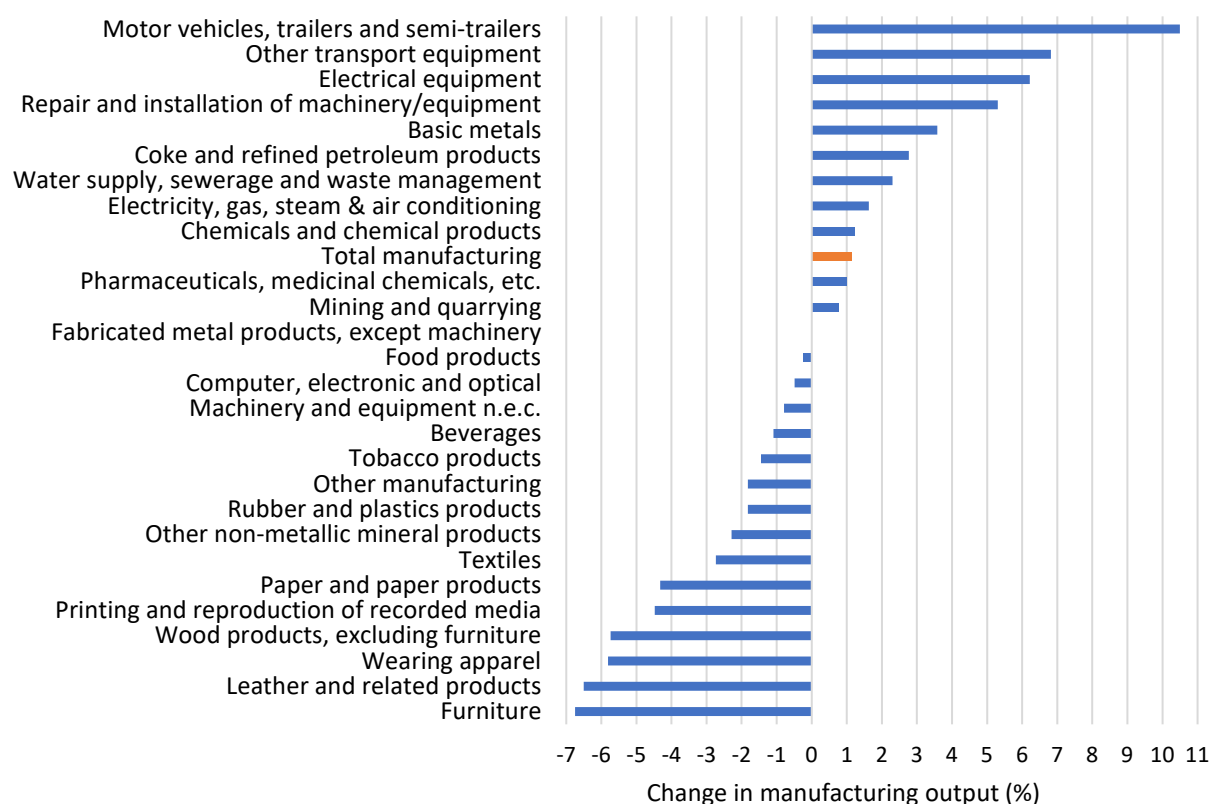
²⁶ A noteworthy exception to this general negative trend was China's exports of batteries, electric vehicles (EVs), and solar panels, which reached record highs in 2023 on the back of output growth, even as China's total merchandise exports declined. China's EV sector benefited from sizable government subsidies in recent years; notably, the European Commission's investigation, which launched in October 2023, concluded that the battery EV value chain in China benefits from unfair subsidization, rendering a threat of economic injury to the EU producers of such vehicles. EC, "EC Imposes Provisional Countervailing Duties on Imports," July 4, 2024; Kennedy, "The Chinese EV Dilemma: Subsidized Yet Striking," June 20, 2024; Bloomberg News, "China's EV and Solar Exports Are Powering Ahead," April 30, 2024.

²⁷ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 2.

²⁸ UNIDO, *World Manufacturing Production, Q4 2023*, March 12, 2024, 9.

Figure 1.4 Percentage change in global manufacturing output, by ISIC industry, 2022–23

In percentages. ISIC = International Standard Industrial Classification; n.e.c. = not elsewhere classified. Underlying data for this figure can be found in appendix [table A.4](#).



Source: UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024.

Exchange Rate Trends

The value of the U.S. dollar stabilized in a narrower range during 2023, after appreciating during 2021 and most of 2022, when it peaked before declining at the end of 2022.²⁹ In 2023, the dollar declined 2.7 percent during the year, according to the Board of Governors of the Federal Reserve System (Federal Reserve Board) broad index of global currencies.³⁰ The U.S. dollar depreciated against the currencies of four major U.S. trade partners (Mexico, the UK, the EU, and Canada) and appreciated against the currencies of three partners (Japan, China, and India) (figure 1.5). The U.S. dollar experienced the largest losses in value against the Mexican peso, falling by 13.0 percent in 2023. The U.S. dollar experienced the largest gains in 2023 against the Japanese yen (7.7 percent) and the Chinese yuan (2.7 percent).

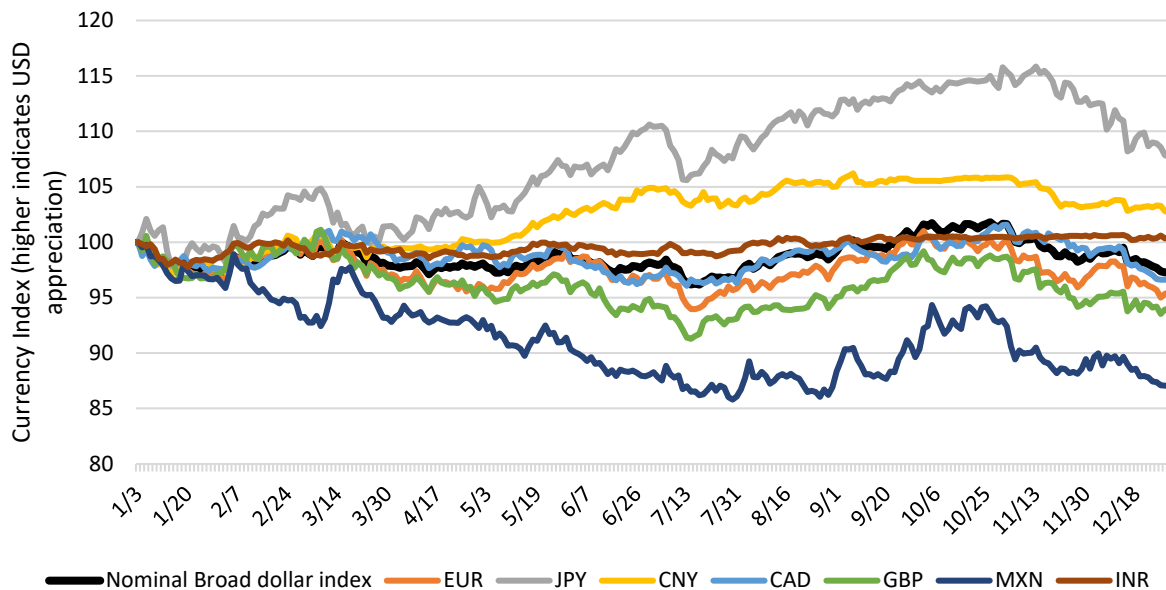
²⁹ The fluctuation of exchange rates can affect trade flows by changing the relative price of traded goods in international markets. For instance, when the U.S. dollar appreciates, U.S. exports become more expensive and U.S. imports less expensive. Conversely, when the U.S. dollar depreciates, U.S. exports become less expensive and U.S. imports become more expensive.

³⁰ The broad dollar index is a weighted average of the foreign exchange values of the U.S. dollar against the currencies of a large group of major U.S. trading partners. Federal Reserve Board, “Foreign Exchange Rates—H-10 Weekly,” April 22, 2024.

Against this backdrop, the impact of nominal foreign exchange fluctuations on the U.S. trade flows appears to have been limited in 2023. Firstly, the dollar depreciated only 2.7 percent in 2023, mitigating its potential effects on trade flows. Secondly, although an exchange rate depreciation would be expected to boost exports and restrain imports, those effects could not be distinguished in aggregate U.S. trade flows. Specifically, in 2023, both U.S. merchandise exports and imports fell, respectively, by \$48.4 billion (or 2.3 percent) and \$159.7 billion (or 4.9 percent) from 2022 (see chapter 6 for more detailed information). U.S. merchandise exports and imports were likely affected by the same factors driving down the value of global merchandise trade flows (see “Global Trade Trends in 2023” section). On balance, these global factors appear to have outweighed the impact of dollar depreciation on U.S. merchandise trade flows.

Figure 1.5 Index of U.S. dollar exchange rate, by selected major foreign currencies, daily, 2023

January 3, 2023 = 100. CAD = Canadian dollar; CNY = Chinese yuan; EUR = Euro; INR = Indian rupee; JPY = Japanese yen; MXN = Mexican peso; GBP = British pound.



Source: Federal Reserve Board, “Foreign Exchange Rates—H-10 Weekly,” April 22, 2024.

Note: This figure shows daily data of currency indexes of U.S. dollar exchange rates for selected major foreign currencies during 2023. Index set to 100 on January 3, 2023.

Global Trade Trends in 2023

This section provides an overview of trends in global trade in goods and services in 2023, highlighting the major importers and exporters.

Global Merchandise Trade

Overview of Global Merchandise Trade in 2023

The value of global merchandise trade decreased by 5.1 percent in 2023 to \$24.0 trillion, after growing during the two preceding years and reaching a record high value of \$25.3 trillion in 2022 (figure 1.6).³¹ A combination of factors, including reduced trade volume (due to lingering inflation) and lower primary commodity prices, contributed to the downturn.³² Other global risk factors present in the global economy included regional conflicts, geopolitical tensions, and what the WTO terms “rising protectionism.”³³ Against the backdrop of an adverse trade environment and increased trade uncertainty, preliminary signs of what the WTO terms “fragmentation in trade flows” emerged, with exports and imports reorienting along geopolitical lines.³⁴ Furthermore, prices fell substantially for some commodities, reducing the value of merchandise trade flows. For example, the price of natural gas dropped 63 percent on average in 2023.³⁵ Nonetheless, the 2023 decline in the value of global merchandise trade was not large enough to erase increases achieved in 2021 (26.4 percent) and 2022 (12.7 percent), when the COVID-19 pandemic pressures eased.³⁶

³¹ The WTO-compiled trade data series date back to 1948. WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

³² According to WTO estimates, the global merchandise trade volume declined by 1.2 percent in 2023, following 9.6 percent growth in 2021 and 3.0 percent growth in 2022. WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 12, 17.

³³ The source document (WTO, *Global Trade Outlook and Statistics*, April 10, 2024) does not define “protectionism.” WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 4–5, 29; WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024; USITC, *The Year in Trade 2022*, December 2023, 19–21, 34–35; Bluedorn and Koranchelian, “Middle East Conflict Risks Reshaping the Region’s Economies,” December 1, 2023.

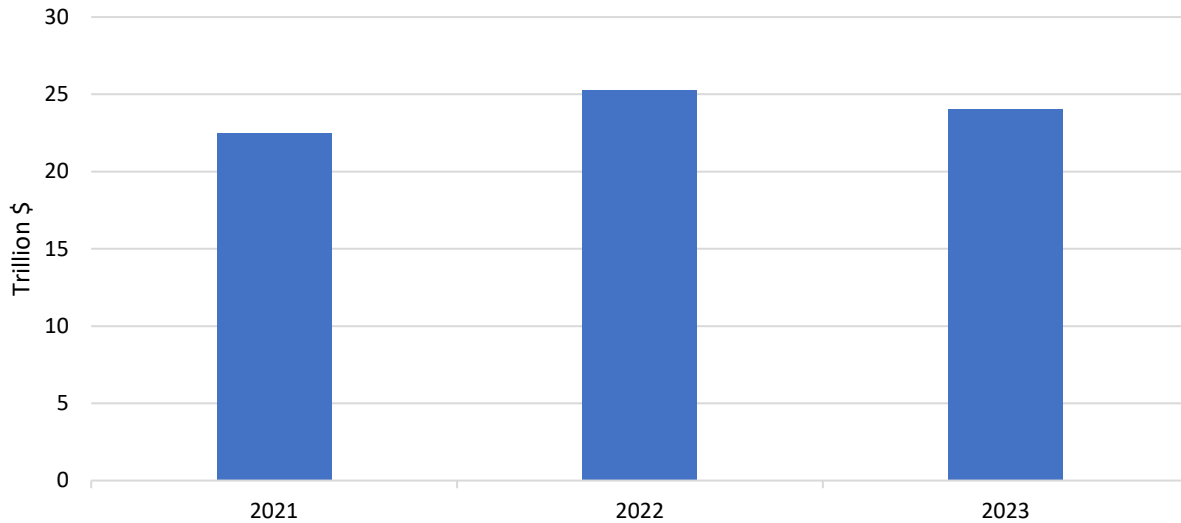
³⁴ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 15–16.

³⁵ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 4–5.

³⁶ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

Figure 1.6 Global merchandise trade, annual, 2021–23

In trillions of dollars. Underlying data for this figure can be found in appendix [table A.5](#).



Source: WTO, WTO Stats, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 17, 2024.

Note: Global merchandise trade value is measured by the average value of global merchandise exports and imports.

The quarterly global merchandise trade value declined continually from the second quarter of 2022 through the third quarter of 2023 then ticked up in the last quarter of 2023 (figure 1.7).³⁷ Reduced demand in the developed economies and weak trade performance within East Asia and Latin America were among the primary contributing factors to the declining global merchandise trade value in the first three quarters of 2023.³⁸ Quarter-over-quarter growth rates also point to a return to growth in merchandise trade in the last quarter of 2023 in some major economies, including China, South Korea, and India.³⁹ Although quarterly growth for 2023 suggests improvement in trends in the last quarter of 2023, it was not large enough to achieve positive annual growth rate for the year.⁴⁰

³⁷ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

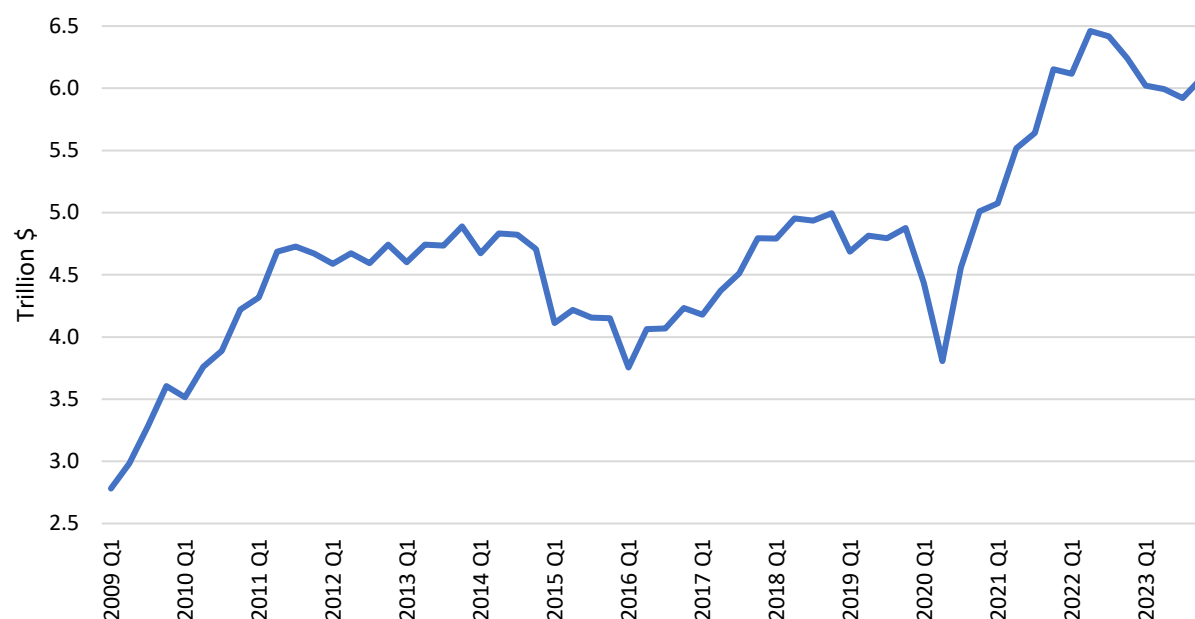
³⁸ UNCTAD, *Global Trade Update*, March 2024, 3.

³⁹ UNCTAD, *Global Trade Update*, March 2024, 4.

⁴⁰ UNCTAD, *Global Trade Update*, March 2024, 4; WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

Figure 1.7 Global merchandise trade, quarterly, 2009–23

In trillions of dollars. Underlying data for this figure can be found in appendix [table A.6](#).



Source: WTO, WTO Stats, "International Trade Statistics, Merchandise Trade Values, Quarterly," accessed April 17, 2024.

Note: Global merchandise trade value is measured by the average value of global merchandise exports and imports.

Global trade in most merchandise sectors fell in 2023. Following 61 percent growth in 2022, the value of trade in fuels fell 19 percent in 2023 partly because of falling prices for commodities, for example, oil and gas.⁴¹ Trade in energy-intensive goods such as iron and steel decreased by 15 percent in 2023. Other sectors that experienced notable reductions by value in 2023 included textiles (13 percent), clothing (10 percent), office and telecommunications equipment (9 percent), and chemicals (9 percent).⁴² One notable exception to the overall downturn in global merchandise trade in 2023 was for trade in automotive products, which increased by 17 percent because of a surge in exports from China.⁴³

Despite several substantial year-on-year decreases across merchandise trade sectors in 2023, the value of trade in most product groups was significantly higher in 2023 relative to the 2019 pre-COVID-19 pandemic level. For example, fuels and mining products rose 41 percent (of which fuels increased 43 percent) in 2023 from their 2019 levels; similarly, agricultural products and manufactures increased 32 percent and 20 percent, respectively.⁴⁴

Geographically, all regions but one experienced year-on-year annual declines in the value of merchandise exports and imports in 2023. The exception was the Middle East, which posted 3.8 percent

⁴¹ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 2, 17–18; WTO, *Global Trade Outlook and Statistics*, April 5, 2023, 12.

⁴² WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 2, 17–18.

⁴³ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 2, 17–18.

⁴⁴ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 17–18.

growth in merchandise imports (table 1.1).⁴⁵ Asia had the greatest regional share, 47.8 percent, of the \$1.1 trillion global contraction in merchandise exports value in 2023.⁴⁶ Among individual economies, Russia led the global decline in merchandise exports with a 28.4 percent drop, largely tied to its energy sector.⁴⁷ Russia accounted for 14.8 percent share of the global contraction in merchandise exports value, followed by China with 14.5 percent.⁴⁸

Asia also had the greatest regional share of the \$1.5 trillion global contraction in merchandise imports value in 2023 (49.2 percent), followed by Europe with a 33.0 percent share.⁴⁹ In terms of individual economies, China accounted for the greatest share of the reduction in global merchandise imports (10.2 percent).⁵⁰ On the other hand, Saudi Arabia (11.1 percent), Russia (9.9 percent), and the United Arab Emirates (6.7 percent), increased their merchandise imports.⁵¹

Table 1.1 Percentage change of merchandise trade value, by region, annual 2022–23

In percentages. Two-way trade is defined as exports plus imports.

Region	Imports	Exports	Two-way trade
Africa	-7.7	-9.1	-8.4
Asia	-8.3	-6.0	-7.1
Europe	-5.2	-0.7	-3.0
Latin America	-9.6	-4.0	-7.0
Middle East	3.8	-13.2	-6.4
North America	-4.7	-1.9	-3.5

Source: WTO, WTO Stats, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 17, 2024.

Note: The percentage change in two-way trade depends on the relative size and percentage change of its individual components (imports and exports).

Global Leading Merchandise Exporters and Importers

In 2023, China continued to maintain its position as the world’s largest merchandise exporter, followed by the EU, the United States, Japan, and South Korea (figure 1.8). Exports from these regions declined from 2022 levels, with the exception of the EU, whose exports increased by 2.1 percent. Of the top five exporters, in terms of percentage change, South Korea experienced the largest decrease in its exports (7.5 percent), followed by China (4.6 percent), Japan (4.0 percent), and the United States (2.3 percent).

⁴⁵ The WTO’s Middle East country group includes Bahrain, Cyprus, Iraq, Iran, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates, Yemen, and other countries and territories in the Middle East not elsewhere specified. WTO, “International Trade Statistics - Technical Notes,” accessed May 7, 2024.

⁴⁶ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

⁴⁷ UNCTAD, *Global Trade Update*, March 2024, 4; European Council, “Impact of Sanctions on the Russian Economy,” accessed April 25, 2024; WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

⁴⁸ According to official reports, in 2023, Russia’s exports to European countries plummeted by 68.0 percent but its exports to North and South America fell 40.4 percent. WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024; TASS, “Russia’s Foreign Trade Surplus Shrinks 2.4 Times in 2023 to \$140 Billion,” February 12, 2024.

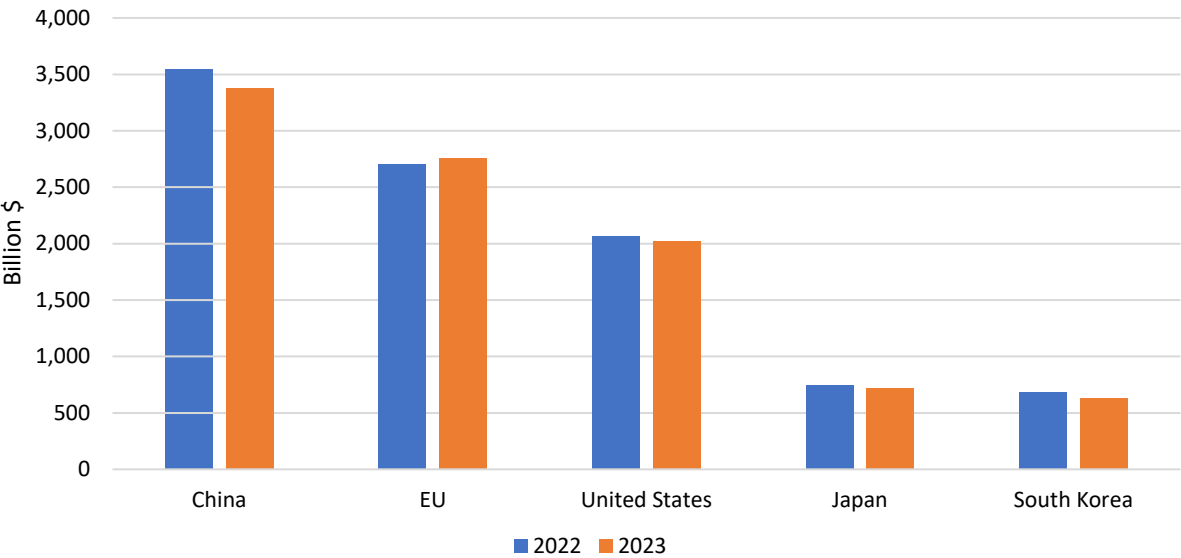
⁴⁹ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

⁵⁰ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

⁵¹ WTO, WTO Stats portal, “International Trade Statistics,” accessed April 17, 2024.

Figure 1.8 Merchandise exports by the global top five exporters, annual, 2022–23

In billions of dollars. EU data exclude intra-EU trade for the entire time series. Underlying data for this figure can be found in appendix [table A.7](#).

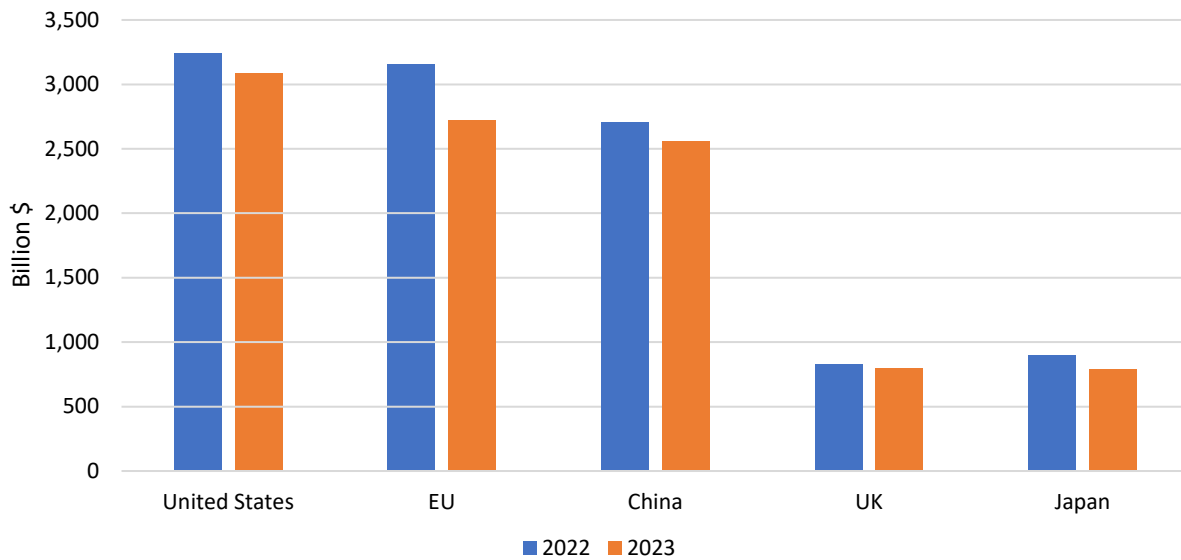


Source: WTO, WTO Stats, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 22, 2024; USITC DataWeb/Census, Total Exports, accessed July 2, 2024.
Note: The global top five merchandise exporters are shown in descending order of their 2023 merchandise export values.

In 2023, the United States remained the world’s largest merchandise importer. The EU was the second-largest merchandise importer, followed by China, the UK, and Japan (figure 1.9). The UK, which was the world’s fifth-largest merchandise importer in 2022, moved up to fourth place in 2023, while Japan fell from fourth place in 2022 to fifth place in 2023. Merchandise imports decreased across all top importers in 2023 relative to 2022, though the rate of decline varied (figure 1.9). The EU’s imports fell the most in percentage terms (14.0 percent), followed by Japan (12.4 percent), China (5.5 percent), the United States (4.9 percent), and the UK (3.9 percent).

Figure 1.9 Merchandise imports by the global top five importers, annual, 2022–23

In billions of dollars. EU data exclude intra-EU trade for the entire time series. Underlying data for this figure can be found in appendix [table A.8](#).



Source: WTO, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 22, 2024; USITC DataWeb/Census, General Imports, accessed July 2, 2024.

Note: The global top five merchandise importers are shown in descending order of their 2023 merchandise import values.

Global Trade in Services

Overview of Global Services Trade in 2023

Global exports of commercial services continued to grow following the 2020 trough, reaching a record high of \$7.8 trillion in 2023, up 9.0 percent compared to the previous year.⁵² Exports in three of the four reported categories—travel services, “other commercial services” (which includes business, financial, and information and communications services), and goods-related services, together representing 82.8 percent of total services exports in 2023—all experienced growth in 2023, whereas exports of transportation services declined (figure 1.10). Travel services was the fastest-growing export category in 2023, increasing by 39.5 percent to \$1.6 trillion during the year, although this increase was considerably slower than the 74.1 percent jump in 2022.⁵³

The surge in travel services exports in both 2022 and 2023 is largely attributable to the continuing recovery of the industry following the large decline in travel during the COVID-19 pandemic. As in 2022, pent-up demand again drove exports of travel services in 2023, despite negative macroeconomic factors like inflation and economic uncertainty.⁵⁴ According to the UN World Tourism Organization (UN Tourism),

⁵² WTO, “International Trade Statistics, Trade in Commercial Services,” accessed April 22, 2024.

⁵³ In 2023, “other commercial services” represented the largest share of global commercial services (59.4 percent), followed by travel services (20.1 percent), transport services (17.2 percent), and goods-related services. WTO, “International Trade Statistics, Trade in Commercial Services,” accessed April 22, 2024.

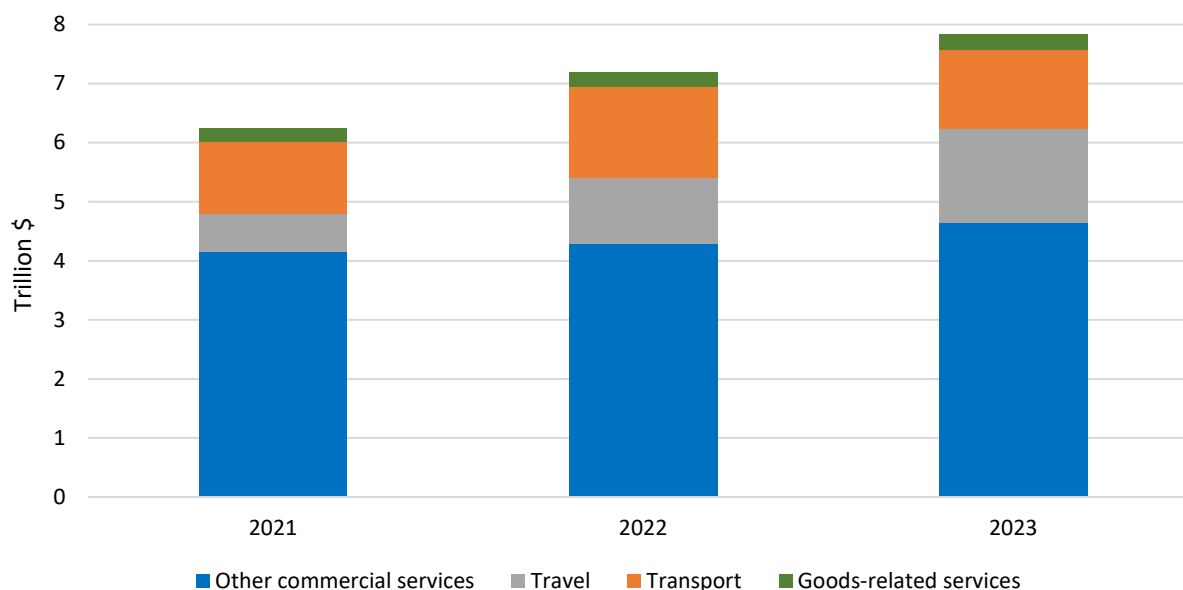
⁵⁴ UN Tourism, “International Tourism to Reach Pre-Pandemic Levels,” January 19, 2024; USITC, *The Year in Trade 2022*, December 2023, 48.

for example, 1.3 billion people traveled internationally in 2023, an increase of 325 million people (33.9 percent) compared to 2022.⁵⁵ Overall, global tourism exports were estimated to be \$1.6 trillion in 2023, nearly reaching pre-COVID-19 levels, representing 95 percent of such exports in 2019.⁵⁶

The “other commercial services” category also grew in 2023, increasing by 8.5 percent to \$4.7 trillion, and the goods-related services category grew by 5.7 percent to \$263.5 billion.

Figure 1.10 Commercial services exports, by services trade category, annual, 2021–23

In trillions of dollars. Underlying data for this figure can be found in appendix [table A.9](#).



Source: WTO, WTO Stats, “International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual,” accessed April 22, 2024.
 Note: Data for 2023 are preliminary. The “other commercial services” category includes business, financial, and information and communications services.

Transport services was the only services sector to experience contracting exports, falling by 11.6 percent to \$1.3 trillion in 2023.⁵⁷ The decline in transportation services exports was largely attributable to a sharp fall in ocean freight prices during 2023.⁵⁸ The global container freight rate index fell from \$2,132 per 40-foot container in January 2023 to a low of \$1,342 per 40-foot container in October 2023, but rebounded to \$1,661 per 40-foot container by the end of December 2023, still a decline of 22.1 percent from the start of the year.⁵⁹ The decline in freight rates stems from reduced cargo volumes as high inventories and slower consumer spending dampened demand for a wide variety of goods, a process of resetting and normalizing after the disruption of the COVID-19 pandemic.⁶⁰ Revenues in the global cargo

⁵⁵ UN Tourism, *World Tourism Barometer*, January 2024, 3.

⁵⁶ UN Tourism, “International Tourism to Reach Pre-Pandemic Levels,” January 19, 2024.

⁵⁷ WTO, “International Trade Statistics, Trade in Commercial Services,” accessed April 22, 2024.

⁵⁸ LaRocco, “Global Freight Recession Will Continue in 2024,” November 7, 2023.

⁵⁹ Statista Research Department, “Global Container Freight Index,” July 9, 2024.

⁶⁰ Factors that led to slower consumer spending in 2023 included inflation, rising credit card balances, the end of COVID-19 era relief payments, the resumption of student loan payments, and concerns about job layoffs. Cassidy, “Freight Transport’s ‘New Normal’ Marked by Slower Growth,” December 26, 2023.

airlines industry also fell by 28.4 percent in 2023,⁶¹ driven by many of the same factors, including declining consumer spending due to inflation and unsettled demand conditions.⁶²

Leading Global Services Exporters and Importers

The EU was the leading exporter of commercial services in 2023, followed by the United States, the UK, China, and India (figure 1.11). The UK experienced the strongest growth by value in commercial services exports (15.6 percent). During the past several years, the UK has delivered one of the best performances—in terms of services export growth—in the G7.⁶³ In 2023, the top three UK services export categories were “other business services” (39.7 percent), financial services (16.2 percent), and travel services (12.9 percent).⁶⁴ Other leading services exporters in 2023 included India, where services exports grew by 11.4 percent, followed by the United States (up 8.1 percent) and the EU (up 4.2 percent). Of the top five exporters, only China experienced a decline in 2023, with commercial services exports falling by 10.1 percent compared to 2022.⁶⁵ Chinese services exports declined in 2023 in large part because of the decline in transportation services, which fell by 40 percent,⁶⁶ in line with the decline in Chinese goods exports and freight charges.⁶⁷ The contraction of services exports from China can also be attributed to declining exports of tourism services (i.e., inbound tourism to China) and the continued decline of financial services exports.⁶⁸

⁶¹ *Global Cargo Airlines*, March 2024, 68–70.

⁶² *Global Cargo Airlines*, March 2024, 19; Cassidy, “Freight Transport’s ‘New Normal’ Marked by Slower Growth,” December 26, 2023.

⁶³ *Economist*, “Britain’s Services Exports Are Booming,” May 9, 2023.

⁶⁴ Government of the UK, Department for Business and Trade, “Trade and Investment Core Statistics Book,” May 17, 2024. The three UK services export categories were reported as of the 12 months to March 2024.

⁶⁵ WTO, “International Trade Statistics, Trade in Commercial Services,” accessed April 22, 2024.

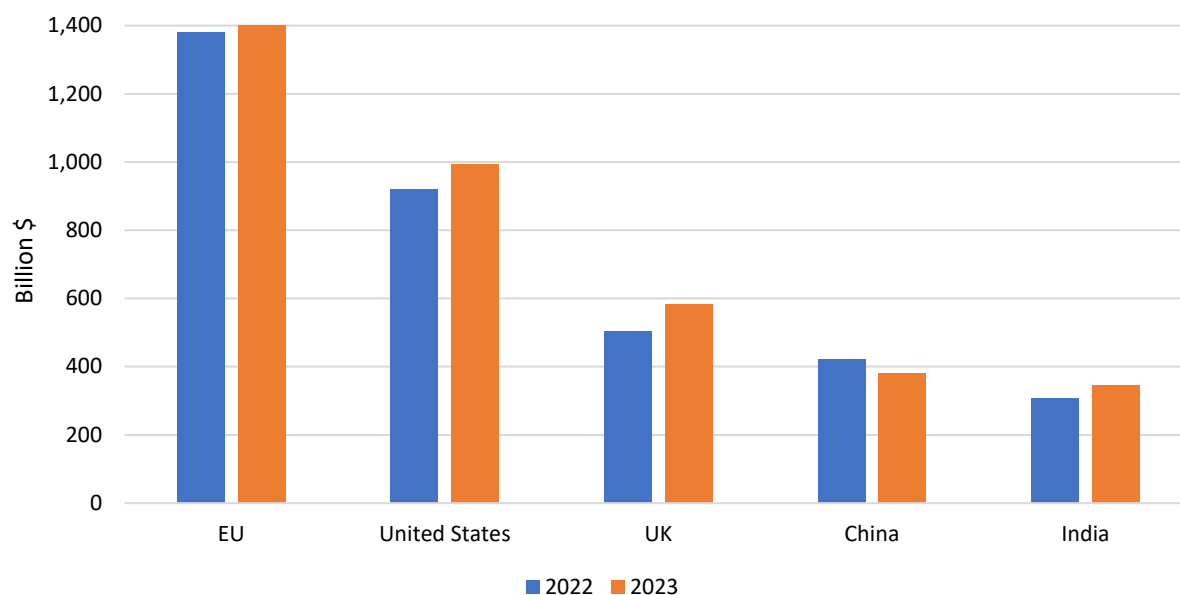
⁶⁶ WTO, *Global Trade Outlook and Statistics*, April 10, 2024, 21.

⁶⁷ Li, *Which Way Forward?*, December 2023, 17.

⁶⁸ Li, *Which Way Forward?*, December 2023, 17.

Figure 1.11 Global commercial services exports, by the global top five exporters, annual, 2022–23

In billions of dollars. EU = European Union; UK = United Kingdom; EU data exclude intra-EU trade. Underlying data for this figure can be found in appendix [table A.10](#).



Source: WTO, WTO Stats, International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual, accessed April 22, 2024; USDOC, BEA, International Transactions, International Services, and International Investment Position Tables, table 3.1, “U.S. International Trade in Services,” accessed June 25, 2024.

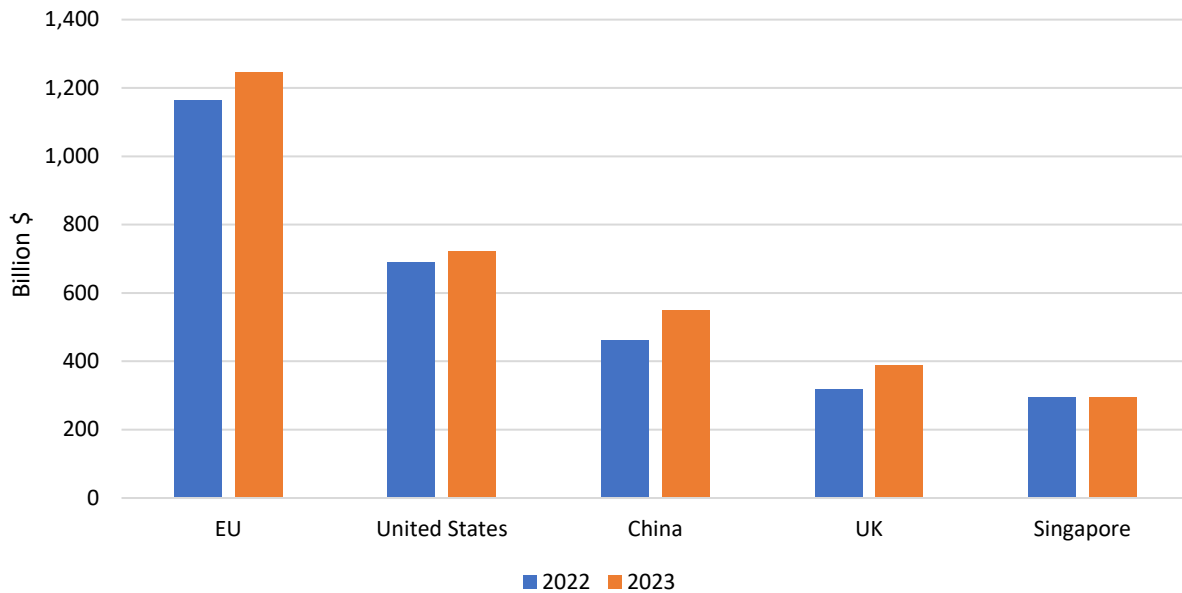
Note: The global top five commercial services exporters are shown in descending order of their 2023 commercial services export values.

In 2023, the EU was also the largest importer of commercial services, followed by the United States, China, the UK, and Singapore (figure 1.12). Of these top five importers, commercial services imports by the UK grew by the most during that year (22.9 percent), followed by China (19.0 percent), the United States (5.0 percent), and the EU (7.0 percent). Imports of commercial services by Singapore, by contrast, were essentially flat, growing by only 0.2 percent.⁶⁹

⁶⁹ WTO, “International Trade Statistics, Trade in Commercial Services,” accessed April 22, 2024.

Figure 1.12 Global commercial services imports by the global top five importers, annual, 2022–23

In billions of dollars. EU = European Union; UK = United Kingdom; EU data exclude intra-EU trade; underlying data for this figure can be found in appendix [table A.11](#).



Source: WTO, WTO Stats, International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual, accessed April 22, 2024; USDOC, BEA, International Transactions, International Services, and International Investment Position Tables, table 3.1, "U.S. International Trade in Services," accessed June 25, 2024.

Note: The global top five commercial services importers are shown in descending order of their 2023 commercial services import values.

Chapter 2

Administration of U.S. Trade Laws and Programs

This chapter summarizes activities related to the administration of U.S. trade laws during 2023, covering import relief laws, laws against unfair trade practices, and national security investigations. In addition, this chapter covers imports under tariff preference programs and developments related to their administration.

Import Relief Laws and Programs

This section summarizes activities related to import relief provided under different authorities. First, it summarizes actions taken under the safeguard provisions under the Trade Act of 1974 and various bilateral free trade agreements to which the United States is a party. Second, it summarizes developments in the provision of trade adjustment assistance to workers and firms.

Safeguard Investigations

This section covers safeguard investigations the U.S. International Trade Commission (Commission) conducted during 2023, including under the global safeguard provisions in sections 201–204 of the Trade Act of 1974,⁷⁰ and statutes implementing safeguard provisions in various bilateral free trade agreements to which the United States is a party.⁷¹ No new petitions were filed, and no new investigations were instituted in 2023. Global safeguard actions on solar cells and modules and on large residential washers, implemented before 2023, were in place during the year, although the safeguard action on large residential washers terminated on February 7, 2023.

Background

The safeguard provisions in sections 201–204 of the Trade Act set out a procedure under which the President may grant temporary relief to a domestic industry seriously injured by increased imports. The process begins at the Commission with a petition filed on behalf of a domestic industry, a request from the President or the U.S. Trade Representative (Trade Representative), a resolution from the U.S. House of Representatives Committee on Ways and Means or the U.S. Senate Committee on Finance, or on the Commission's own motion.⁷² Following receipt of a properly filed petition or a request or resolution, the Commission conducts an investigation to determine whether an article is being imported into the United

⁷⁰ Trade Act of 1974, Pub. L. No. 93-618, §§ 201–203, 88 Stat. 1978, 2011–18 (1975) (codified as amended at 19 U.S.C. §§ 2251–54).

⁷¹ For a list of statutory authorities for bilateral safeguard actions, see 19 C.F.R. § 206.31.

⁷² 19 U.S.C. § 2252(b)(1)(A).

States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article.⁷³

If the Commission makes an affirmative determination, it recommends to the President the action that would address the serious injury or threat of serious injury to the domestic industry and be most effective in facilitating the efforts of the domestic industry to make a positive adjustment to import competition. The Commission is authorized to recommend an increase in or imposition of a duty on the imported article, a tariff-rate quota on the article, a modification or imposition of any quantitative restriction on the importation of the article, one or more appropriate adjustment measures, including adjustment assistance, and any combination of the above actions.⁷⁴

The President makes the final decision on whether to take an action and, if so, the form and amount, subject to certain statutory limitations. The action may not exceed an initial period of four years and an overall period—if extensions are granted—of eight years.⁷⁵ The statute also provides two sets of circumstances under which the President may provide provisional relief with respect to a perishable agricultural product or when critical circumstances are found to exist.⁷⁶

The Commission must monitor industry developments during the period the action is in effect and submit a report on its monitoring activities to the President and Congress at the midpoint of the action, if the action exceeds three years.⁷⁷ Before the action expires, the Commission, upon the request of the President or upon a petition timely filed on behalf of the industry concerned, must investigate to determine whether the action remains necessary to prevent or remedy serious injury and whether there is evidence that the industry is making a positive adjustment to import competition.⁷⁸ After the action taken has expired, the Commission must provide a report to the President and Congress on the action's effectiveness.⁷⁹

Developments in 2023

The United States had one global safeguard action in effect throughout 2023 on solar cells and modules. A second safeguard action, on imports of large residential washers, was in effect at the beginning of the year but expired on February 7, 2023.⁸⁰

Both actions were imposed by the President in February 2018, following receipt of affirmative serious injury determinations from the Commission. Both actions also were extended beyond their initial periods of relief. The action on imports of large residential washers was imposed for an initial period of three years and one day and was initially scheduled to expire in February 2021. The action on imports of solar cells and modules was imposed for an initial period of four years and was initially scheduled to expire in February 2022.

⁷³ 19 U.S.C. § 2252(b)(1)(A).

⁷⁴ 19 U.S.C. § 2252(e)(2).

⁷⁵ 19 U.S.C. § 2253(e).

⁷⁶ 19 U.S.C. § 2252(d).

⁷⁷ 19 U.S.C. § 2254(a).

⁷⁸ 19 U.S.C. § 2254(c)(1).

⁷⁹ 19 U.S.C. § 2254(d).

⁸⁰ Proclamation No. 9693, 83 Fed. Reg. 3541 (January 25, 2018); Proclamation No. 9694, 83 Fed. Reg. 3553 (January 25, 2018).

Large Residential Washers

On January 14, 2021, the President issued Proclamation 10133, extending the action on large residential washers for two additional years, subject to certain modifications; the extension took effect February 8, 2021.⁸¹ The President took the action following receipt, on December 8, 2020, of a report and affirmative determination from the Commission that the relief provided to the domestic industry in 2018 continued to be necessary to prevent or remedy serious injury to the industry. The report also concluded that the domestic industry was making a positive adjustment to import competition. The Commission instituted its investigation on August 3, 2020, under section 204(c) of the Trade Act, following receipt of a petition from Whirlpool Corporation, as Investigation No. TA-201-076 Extension, *Large Residential Washers*.⁸²

Following the extension of the action in 2021, the domestic industry did not request a further extension and the President did not request a determination from the Commission concerning whether the action continued to be necessary.⁸³ The action expired on February 7, 2023.⁸⁴ Following expiration of the relief action, the Commission submitted a report on the evaluation of the effectiveness of the action in facilitating positive adjustment by the domestic industry to import competition to the President and Congress on August 7, 2023.⁸⁵

Crystalline Silicon Photovoltaic Cells, Whether or Not Partially or Fully Assembled into Other Products

The Commission instituted its initial investigation into this matter on May 17, 2017, following receipt of a petition properly filed by Suniva, Inc. and subsequently joined by Solarworld as a co-petitioner. Both petitioning firms were domestic producers of an article like or directly competitive with the imported article. Following an investigation and public hearings, the Commission made an affirmative injury determination and recommended to the President a series of actions to address the injury.⁸⁶ Following receipt of the Commission's report, the President, on January 23, 2018, issued Proclamation 9693, imposing a safeguard action for a period of four years. The action included both a tariff-rate quota on imports of certain crystalline silicon photovoltaic (CSPV) cells, not partially or fully assembled into other products, and an increase in duties (safeguard tariff) on imports of CSPV cells exceeding the tariff-rate quota and all imports of other CSPV products, including modules.⁸⁷

⁸¹ The proclamation extended the measure for two additional years, subject to certain modifications. Proclamation No. 10133, 86 Fed. Reg. 6541 (January 21, 2021).

⁸² USITC, *Large Residential Washers*, December 2020.

⁸³ A request of the President or petition on behalf of the industry concerned for the Commission to investigate whether a global safeguard action continues to be necessary must be submitted between six and nine months before a measure's expiration. 19 U.S.C. § 2254(c)(1).

⁸⁴ Upon termination, and in accordance with section 204(d)(1) of the Trade Act, the Commission commenced an investigation to evaluate the effectiveness of the action in facilitating positive adjustment by the domestic industry to import competition, with a public hearing scheduled for June 1, 2023, and a report to be submitted to the President and Congress in August 2023. 88 Fed. Reg. 11474 (February 23, 2023).

⁸⁵ USITC, *Large Residential Washers*, August 2023.

⁸⁶ USITC, *Crystalline Silicon Photovoltaic Cells*, November 2017.

⁸⁷ Proclamation No. 9693, 83 Fed. Reg. 3541 (January 25, 2018).

On February 4, 2022, the President issued Proclamation 10339, extending the existing initial remedy for four additional years, but with certain modifications.⁸⁸ The President extended the action, following receipt of a Commission report on December 8, 2021, in which the Commission determined that the relief provided to the domestic CSPV industry in 2018 continues to be necessary to prevent or remedy serious injury to the industry and that the domestic industry is making a positive adjustment to import competition.⁸⁹ The Commission recommended that the action be extended for four additional years, through February 6, 2026.⁹⁰ On June 8, 2023, the Commission instituted a proceeding for the purpose of preparing a midterm report to the President and Congress on the results of its monitoring of developments with respect to the domestic industry, which it submitted on February 6, 2024.⁹¹

Trade Adjustment Assistance

Beginning with the Trade Expansion Act of 1962, and subject to funding authority by Congress, the United States has provided trade adjustment assistance (TAA) to aid U.S. workers and firms adversely affected by import competition. Title IV of the Trade Preferences Extension Act—the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA)—amended and reauthorized the TAA program for six years, until June 30, 2021.⁹² Effective July 1, 2021, the TAA program, as amended by TAARA, was reverted to a previous version of the program, referred to as Reversion 2021, when the TAA program began to operate under the Sunset Provisions of the Amendments to the Trade Act (sunset provisions) for petitions filed on or after that date.⁹³ On June 30, 2022, the authorization for the TAA program expired.⁹⁴ As of December 31, 2023, the TAA program had not been reauthorized.⁹⁵ The main TAA programs in effect through June 30, 2022, were TAA for workers, administered by the U.S. Department of Labor (USDOL), and TAA for firms, administered by the U.S. Department of Commerce (USDOC).⁹⁶

⁸⁸ Proclamation No. 10339, 87 Fed. Reg. 7357 (February 9, 2022).

⁸⁹ The petitions were filed by Auxin Solar, Inc., and Suniva, Inc. on August 2, 2021, and by Hanwha Q CELLS USA, Inc., LG Electronics USA, Inc., and Mission Solar Energy, on August 4, 2021.

⁹⁰ USITC, *Crystalline Silicon Photovoltaic Cells*, December 2021.

⁹¹ USITC, *Crystalline Silicon Photovoltaic Cells*, February 2024.

⁹² The trade adjustment assistance (TAA) program was first established by the Trade Expansion Act of 1962 and subsequently expanded and reauthorized numerous times. In October 2011, the Trade Adjustment Assistance Extension Act (TAAEA) extended the initial eligibility and benefit provisions until December 31, 2013. Pub. L. No. 112-40, §§ 211–217, 125 Stat. 401, 403–409 (2011). Beginning January 1, 2014, the TAA program reverted to a more limited set of eligibility and benefit provisions, also called “Reversion 2014 provisions.” TAA continued to operate under the Reversion 2014 provision until the enactment of the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA). Title IV of Pub. L. No. 114-27, §§ 401–407, 129 Stat. 362, 373–383 (2015); 19 U.S.C. § 2701 (notes). TAARA reinstated many of the eligibility and benefit provisions that were enacted by the TAA Expansion Act of 1962. TAARA also contains sunset provisions. 19 U.S.C. § 2271 note.

⁹³ For the major differences between the program operated under TAARA and the Reversion 2021 program, see USITC, *The Year in Trade 2021*, August 2022, 90–91.

⁹⁴ USTR, *2023 Trade Policy Agenda and 2022 Annual Report*, March 2023, 210–11.

⁹⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218. When referencing the *USTR 2024 Trade Policy Agenda and 2023 Annual Report*, the citation includes the PDF page numbers instead of the page numbers printed on the pages, because identical page numbers are used in multiple chapters of the report.

⁹⁶ A third program, TAA for farmers, administered by the U.S. Department of Agriculture, was reauthorized by Congress in 2015 under the Trade Preferences Extension Act. Congress, however, has not appropriated any funding for the program since 2011. TAARA reauthorized the TAA for farmers program for FY 2015 through FY 2021. 19 U.S.C. § 2401g(a); McMinimy, *Trade Adjustment Assistance for Farmers*, August 1, 2016, 4–5.

Regarding the TAA for workers program, as of July 1, 2022, the termination provision under section 285(a) of the Trade Act of 1974, as amended, took effect.⁹⁷ Since then, the USDOL may not issue any determinations and may not accept any new petitions or requests for reconsideration. Furthermore, a worker must have been separated or threatened with separation on or before June 30, 2022, to be eligible for any benefits and services under the TAA for workers program.⁹⁸ States continue, however, to provide benefits and services to eligible workers who had already been certified by the USDOL.⁹⁹

In terms of the TAA for firms program, beginning July 1, 2022, the USDOC's Economic Development Administration (EDA) was no longer authorized to accept new petitions from firms for certification of eligibility for TAA through the TAA for firms program.¹⁰⁰ Trade adjustment assistance, however, will continue to be provided to firms that had submitted their petitions under the TAA for firms program by June 30, 2022, if the EDA has certified that the firms are eligible.¹⁰¹

Table 2.1 provides information on the amount of funding the TAA programs provided to workers and firms during fiscal years 2019–23. Selected developments for 2023 in TAA programs for workers and firms during are summarized below.

Table 2.1 Funding provided to workers and firms under the trade adjustment assistance programs, FY 2019–23

In millions of dollars. FY = fiscal year.

Fiscal year	TAA for workers	TAA for firms
2019	582	13
2020	553	13
2021	441	14
2022	334	14
2023	90	14

Source: USTR, *2020 Trade Policy Agenda and 2019 Annual Report*, February 2020, 139–40; USTR, *2021 Trade Policy Agenda and 2020 Annual Report*, March 2021, 141–42; USTR, *2022 Trade Policy Agenda and 2021 Annual Report*, March 2022, 145–46; USTR, *2023 Trade Policy Agenda and 2022 Annual Report*, March 2023, 211; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218–19.

Assistance for Workers

Beginning with the Trade Expansion Act of 1962, and subject to funding authority by Congress, the TAA for workers program has provided federal assistance to eligible workers who had been adversely affected by import competition. A variety of TAA benefits and services were available to eligible workers, including training, out-of-area job search and relocation allowances, trade readjustment allowances, and

⁹⁷ TAARA, § 406; 19 U.S.C. § 2271 note; USDOL, “Trade Adjustment Assistance for Workers,” accessed May 14, 2024.

⁹⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218.

⁹⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219.

¹⁰⁰ USDOC, EDA, “Trade Adjustment Assistance for Firms,” accessed May 14, 2024.

¹⁰¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219. USDOC, EDA, “Trade Adjustment Assistance for Firms,” accessed May 14, 2024.

alternative trade adjustment assistance/reemployment trade adjustment assistance benefits.¹⁰² The USDOL's Employment and Training Administration administers the program.¹⁰³

In order for petitioning workers to be eligible to apply for TAA benefits, the U.S. Secretary of Labor must determine that the workers meet certain criteria relating to the reasons they were separated from their firms, including declining sales or production at their firms and increased imports of like or directly competitive articles.¹⁰⁴

On June 30, 2022, the authorization for the TAA program expired. As a result, the USDOL did not conduct any investigations or render any new determinations during FY 2023.¹⁰⁵ States, however, continue to offer benefits and services to eligible workers who had previously been certified by the USDOL.¹⁰⁶

In 2023, \$89.6 million was allocated to state governments from federal funds to finance different aspects of the TAA for workers program.¹⁰⁷ Of this, \$40.3 million was allocated for Training and Other Activities, which included funds for training, job search and relocation allowances, employment and case management services, and related state administration. The remaining funding was allocated for two other purposes: \$45.6 million for Trade Readjustment Allowance benefits and \$3.7 million for Alternative Trade Adjustment Assistance/Reemployment Trade Adjustment Assistance benefits.¹⁰⁸

During FY 2023, the TAA for workers program was in termination status the entire year. Although petitions continued to be submitted to the USDOL, the agency could not conduct investigations or render determinations.¹⁰⁹ As of April 29, 2024, 696 petitions covering 112,773 workers were still pending investigation.¹¹⁰ Among them, 387 petitions were submitted during FY 2023, covering 71,481 workers.¹¹¹ By state, Oregon had the highest number of petitions submitted (59), followed by Indiana (58), Texas (26), and Colorado (24).¹¹²

Assistance for Firms

The TAA for firms program provided assistance to help U.S. firms experiencing a decline in sales and employment to regain competitiveness in the global marketplace.¹¹³ The program provided cost-sharing

¹⁰² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218. USDOL, "Statement by Secretary Walsh on Termination of TAA for Workers," July 1, 2022. Current information on provisions of the TAA for workers program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at the USDOL's Employment and Training Administration website for TAA.

¹⁰³ USDOL, "Trade Adjustment Assistance for Workers," accessed May 14, 2024.

¹⁰⁴ 19 U.S.C. § 2272.

¹⁰⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218.

¹⁰⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219.

¹⁰⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218; CRS, *Trade Adjustment Assistance for Worker*, July 19, 2023, 2.

¹⁰⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 218.

¹⁰⁹ FY 2023 ran from October 1, 2022, to September 30, 2023; USDOL, ETA, email message to USITC staff, May 6, 2024.

¹¹⁰ USDOL, ETA, email message to USITC staff, May 6, 2024.

¹¹¹ USDOL, ETA, email message to USITC staff, May 13, 2024.

¹¹² USDOL, ETA, email message to USITC staff, May 13, 2024.

¹¹³ 19 U.S.C. §§ 2341 et seq; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219. USDOC, EDA, "Trade Adjustment Assistance for Firms," accessed May 14, 2024.

technical assistance to help eligible firms create and implement targeted business recovery plans to improve their competitiveness (called adjustment proposals). The program pays up to 75 percent of the costs of developing the recovery plans, with firms also contributing a share of the cost of creating and implementing their recovery plans.¹¹⁴ The U.S. Secretary of Commerce is responsible for administering the TAA for firms program and has delegated the statutory authority and responsibility to the EDA.¹¹⁵

To receive trade adjustment assistance, (1) a firm must file a petition containing certain information with the Secretary of Commerce, (2) the Secretary must conduct an investigation and determine that certain requirements are met, and (3) the firm may apply for adjustment assistance only if the Secretary affirmatively determines that certain conditions are present.¹¹⁶

Key portions of the statutory authorization of the TAA for firms program expired on June 30, 2022; therefore, during FY 2023, trade adjustment assistance could not be provided to new firms under the program. Trade adjustment assistance, however, continues to be offered to firms that submitted a petition under the TAA for firms program by June 30, 2022.¹¹⁷

In FY 2023, the EDA awarded a total of \$13.5 million in funds to the TAA for firms program's national network of 11 Trade Adjustment Assistance Centers. During FY 2023, the EDA certified four petitions for eligibility and approved 19 adjustment proposals.¹¹⁸

Laws Against Unfair Trade Practices

This section describes several authorities under U.S. trade laws and actions taken thereunder during 2023. Section 301 of the Trade Act of 1974 addresses unfair foreign practices that affect U.S. commerce. Section 182 of the Trade Act of 1974, as amended, provides a mechanism (known as “special 301”) to identify intellectual property rights issues in U.S. trading partners that affect U.S. business. Title VII of the Tariff Act of 1930 offers relief in the form of duties where U.S. industries are materially injured or threatened with material injury by reason of imports that are sold at less than fair value—i.e., dumped—or that benefit from countervailable foreign subsidies. Section 129 of the Uruguay Round Agreements Act of 1994 provides a procedure under which the United States may determine its response to an

¹¹⁴ USITC, *The Year in Trade 2022*, December 2023, 90.

¹¹⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219. Current information on provisions of the TAA for firms program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at the USDOC's EDA website for TAA. USDOC, EDA, “Trade Adjustment Assistance for Firms,” accessed May 14, 2024.

¹¹⁶ To certify a firm as eligible to apply for TAA for firms, the EDA must determine that three conditions are met: (1) A significant number (or proportion) of the workers in the firm have been or are threatened to be totally or partially separated; (2) Sales or production of the firm have decreased absolutely—or sales or production of an article or service that accounted for at least 25 percent of total production or sales of the firm have decreased absolutely—during the 12 months preceding the most recent 12-month period for which data are available; and (3) Increased imports of articles like or directly competitive with articles produced or services provided by the firm have “contributed importantly” to both the decrease or threatened decrease in employment and the decline in sales or production. USDOC, EDA, *Fiscal Year 2021 Annual Report to Congress -- Trade Adjustment Assistance for Firms Program*, 2022, 9–10.

¹¹⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219; USDOC, EDA, “Trade Adjustment Assistance for Firms,” accessed May 14, 2024.

¹¹⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 219.

adverse World Trade Organization (WTO) panel or Appellate Body report concerning U.S. obligations under the WTO Antidumping Agreement, the Safeguards Agreement, or the Agreement on Subsidies and Countervailing Measures. Finally, section 337 of the Tariff Act of 1930 prohibits various unfair acts in the importation and sale of articles in the United States and is most commonly applied in connection with allegations of patent infringement. Developments under these laws in 2023 are covered below.

Section 301 Investigations

Background

Section 301 of the Trade Act of 1974 is designed to address unfair foreign practices affecting U.S. commerce.¹¹⁹ Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements or to respond to unjustifiable, unreasonable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition the Trade Representative to investigate a foreign government act, policy, or practice and take appropriate action. The Trade Representative may also self-initiate an investigation.¹²⁰

In each investigation under the statute, the Trade Representative is required to seek consultations with the foreign government involved.¹²¹ If the matter is not resolved, the statute requires the Trade Representative to determine whether the practices in question fulfill any of three conditions: (1) they deny U.S. rights under a trade agreement; (2) they are unjustifiable, and burden or restrict U.S. commerce; or (3) they are unreasonable or discriminatory, and burden or restrict U.S. commerce.¹²² If the practices fulfill either of the first two conditions, the Trade Representative generally must take action.¹²³ If the practices are unreasonable or discriminatory and burden or restrict U.S. commerce, the Trade Representative determines whether action is appropriate and, if so, what action to take.¹²⁴ Section 301 authorizes a wide range of actions, including the suspension of trade agreement concessions, the imposition of duties or other restrictions on the imports of goods or services, and entry into an agreement to eliminate the offending practice or provide the United States with compensatory benefits.¹²⁵ If a foreign country fails to comply with such an agreement, or to implement a WTO recommendation, the Trade Representative must determine what further action should be taken under section 301.¹²⁶

¹¹⁹ Section 301 refers to sections 301–310 of Title III of the Trade Act of 1974, codified at 19 U.S.C. §§ 2411–2420.

¹²⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 84.

¹²¹ 19 U.S.C. § 2413

¹²² 19 U.S.C. § 2414(a)(1).

¹²³ The Trade Representative is not required to take action in any case in which the WTO Dispute Settlement Body (DSB) has adopted a report or a ruling has been issued under the formal dispute proceeding under any other trade agreement that U.S. rights are not being denied or that the act, policy, or practice does not violate U.S. rights or deny benefits under any trade agreement. 19 U.S.C. § 2411(a)(2).

¹²⁴ 19 U.S.C. § 2411(b).

¹²⁵ 19 U.S.C. § 2411(c).

¹²⁶ 19 U.S.C. § 2416(b).

Developments in 2023

Active section 301 investigations in 2023 involved technology transfer, intellectual property, and innovation practices in China, as well as timber-related activities in Vietnam. Over the course of 2023, the Trade Representative continued to monitor developments in section 301 investigations involving taxes on digital services proposed or adopted in France and other jurisdictions, large civil aircraft subsidies by the EU and certain current or former member states, and currency valuation in Vietnam.

China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

In 2018, the Office of the U.S. Trade Representative (USTR) identified four categories of acts, policies, and practices of China related to technology transfer, intellectual property, and innovation to be unreasonable or discriminatory and burdened or restricted U.S. commerce.¹²⁷ At the direction of the President, the Trade Representative imposed additional duties on products of China through a series of lists, each covering a distinct set of products, issued between June 2018 and August 2019.¹²⁸ USTR subsequently implemented a process for U.S. importers to request that products included on the various lists be excluded from additional duties. According to USTR, it initially approved approximately 6,875 exclusion requests and removed section 301 duties on certain additional medical-care products to address the COVID-19 pandemic.¹²⁹ USTR has continued a process of seeking public comment and refining exclusions for certain medical-care products for COVID-19, continuing 77 such exclusions through September 30, 2023, then through December 31, 2023, and yet again through May 31, 2024.¹³⁰ Similarly, USTR also sought public comment on the possible reinstatement of previously extended exclusions. On March 28, 2022, the Trade Representative reinstated 352 previously expired exclusions initially through December 31, 2022, and subsequently extended these exclusions through September 30, 2023. Further extensions of 352 reinstated exclusions followed, first to December 31, 2023, then to May 31, 2024.¹³¹

In May 2022, USTR notified representatives of domestic industries that benefit from the tariff actions, of the possible termination of those actions, and of the opportunity for the representatives to request continuation.¹³² In September 2022, USTR announced that (1) it had received requests from representatives of domestic industries that benefit from the tariff actions to continue the actions; (2) accordingly, the tariff actions had not been terminated; and (3) USTR would conduct a statutory review

¹²⁷ For a more detailed summary of the issues and additional duties, see USITC, *The Year in Trade 2022*, December 2023, 68–69; USTR, *Findings of the Investigation into China's Acts*, March 22, 2018.

¹²⁸ For the second category of actions, the Trade Representative initiated a WTO dispute in 2018, but the WTO proceedings were suspended at the request of the Trade Representative in June 2019. WTO, “DS542: China,” July 7, 2021; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 84–85.

¹²⁹ 85 Fed. Reg. 85831 (December 29, 2020); USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 86.

¹³⁰ 86 Fed. Reg. 63438 (November 16, 2021); 87 Fed. Reg. 33871 (June 3, 2022); Sandler, Travis & Rosenberg, P.A., “Section 301 Tariffs on China,” accessed May 22, 2024; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 86–87.

¹³¹ 87 Fed. Reg. 17380 (March 28, 2022); 87 Fed. Reg. 78187 (December 21, 2022); USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 87.

¹³² 19 U.S.C. § 2417(c).

of the tariff actions.¹³³ On November 15, 2022, USTR requested public comments covering issues such as the effectiveness of the actions in achieving the objectives of the investigation, other actions that could be taken, and the effects of the actions on the U.S. economy, including consumers.¹³⁴ Following the end of the comment period on January 17, 2023, USTR and other agencies engaged in a period of review and analysis over the course of 2023.¹³⁵

Digital Services Taxes

On December 6, 2019, the Trade Representative determined under sections 301(b) and 304(a) of the Trade Act¹³⁶ the 3 percent French digital services tax (DST) to be unreasonable or discriminatory and burdens or restricts U.S. commerce and is thus actionable under the section 301 provisions of the act. In January 2021, the Trade Representative found that DSTs adopted by Austria, India, Italy, Spain, Türkiye, and the UK were likewise subject to action under section 301.¹³⁷

On October 8, 2021, the United States and 136 other member jurisdictions joined the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” adopted by the Organisation for Economic Co-operation and Development (OECD) and all members of the Group of Twenty (also see the discussion on the OECD in chapter 4).¹³⁸ On October 21, 2021, the United States, Austria, France, Italy, Spain, and the UK issued a joint statement describing a political compromise reached among these countries “on a transitional approach to existing Unilateral Measures while implementing Pillar One.”¹³⁹ According to the joint statement, DST liability that accrues to Austria, France, Italy, Spain, and the UK during a transitional period before implementation of Pillar One will be creditable in defined circumstances against future corporate income tax liability due under Pillar One.¹⁴⁰

In light of the agreement, the United States terminated the existing section 301 trade actions on goods of Austria, France, Italy, Spain, and the UK. The United States committed to not take further trade actions against these countries with respect to their existing DSTs, provided they follow through on the agreement in the joint statement, until either the date that the Pillar One multilateral convention came into force or December 31, 2023, whichever came first.¹⁴¹

¹³³ 87 Fed. Reg. 55073 (September 8, 2022); USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 87.

¹³⁴ 87 Fed. Reg. 62914 (October 17, 2022); USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 87.

¹³⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 87.

¹³⁶ 19 U.S.C. §§ 2411(b) and 2414(a).

¹³⁷ Austria: 86 Fed. Reg. 30361 (June 7, 2021); India: 86 Fed. Reg. 30356 (June 7, 2021); Italy: 86 Fed. Reg. 30350 (June 7, 2021); Spain: 86 Fed. Reg. 30358 (June 7, 2021); Türkiye: 86 Fed. Reg. 30353 (June 7, 2021); United Kingdom: 86 Fed. Reg. 30364 (June 7, 2021).

¹³⁸ OECD, “Statement on a Two-Pillar Solution,” October 8, 2021; USTR, *2022 National Trade Estimate Report*, March 2022, 522.

¹³⁹ U.S. Treasury, “Joint Statement from the United States, Austria, France,” October 21, 2021; USTR, *2022 National Trade Estimate Report*, March 2022, 522.

¹⁴⁰ 86 Fed. Reg. 64590 (November 16, 2021); USTR, *2022 National Trade Estimate Report*, March 2022, 174.

¹⁴¹ As of year-end 2023, Pillar One was not in force; see discussion in chapter 4. 86 Fed. Reg. 64590 (November 16, 2021).

The United States also reached similar separate agreements with Türkiye and India, which also resulted in the United States terminating its existing section 301 actions against each country.¹⁴² USTR, in coordination with the U.S. Department of the Treasury (U.S. Treasury), indicated it will continue to monitor implementation of the political agreement by Austria, France, Italy, Spain, the UK, Türkiye, and India,¹⁴³ a position that remained in effect through 2023 and into 2024, when extensions of the framework for Austria, France, Italy, Spain, Türkiye, and the UK through June 30, 2024, were announced.¹⁴⁴

Large Civil Aircraft Subsidies by the EU and Certain Current or Former Member States

On April 12, 2019, the Trade Representative initiated a section 301 investigation to enforce U.S. rights in a WTO dispute relating to large civil aircraft (DS316). The investigation had been initiated on October 6, 2004, when the United States requested consultations with the European Communities (now the EU), France, Germany, Spain, and the UK over certain subsidies granted to the EU's large civil aircraft industry.¹⁴⁵ For more information on this dispute and the subsequent WTO proceedings, see chapter 3 of this report. In June 2021, the United States announced similar yet separate cooperative frameworks with the EU and the UK to address the large civil aircraft dispute by suspending the tariffs related to the dispute for five years and agreeing upon a set of principles that will guide the cooperation between them in this sector.¹⁴⁶

In line with the framework, the Trade Representative determined to suspend the action resulting from the section 301 investigation for five years. The suspension began July 4, 2021, with respect to tariffs on goods of the UK and July 11, 2021, with respect to tariffs on goods of EU member states.¹⁴⁷ USTR will monitor EU and UK implementation of the framework understandings and their respective measures related to the matters covered in the dispute. In its annual report covering 2023, USTR said that if either the EU or the UK is not satisfactorily implementing the agreement or associated measures, then the Trade Representative “will take any and all appropriate and feasible action under section 301 to enforce U.S. WTO rights,” a position that remained in effect in 2023.¹⁴⁸

¹⁴² Türkiye: 86 Fed. Reg. 68295 (December 1, 2021); India: 86 Fed. Reg. 68526 (December 2, 2021); U.S. Treasury, “Joint Statement from the United States and Turkey,” November 22, 2021; U.S. Treasury, “Treasury Announces Agreement on the Transition from Existing Indian Equalization Levy,” November 24, 2021.

¹⁴³ USTR, *2022 National Trade Estimate Report*, March 2022, 263, 499, 522.

¹⁴⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 91–93; USTR, “The United States, Austria, France, Italy, Spain, and the United Kingdom Announce Extension of Agreement,” February 15, 2024; USTR, “United States Releases Joint Statement with Türkiye Extending Digital Services Taxes Transition,” March 12, 2024.

¹⁴⁵ 84 Fed. Reg. 15028 (April 12, 2019). In June 2011, the DSB adopted the panel report, as amended by the Appellate Body, finding that the EU had breached certain obligations under the Agreement on Subsidies and Countervailing Measures. The EU and the United States subsequently disagreed on whether the EU had implemented the report's recommendations and agreed to suspend arbitration until a further compliance report examined the implementation. The DSB adopted the compliance report on the EU's implementation in 2018, and the United States resumed arbitration procedures on July 13, 2018. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 94–93.

¹⁴⁶ USTR, “Joint U.S.-E.U. Cooperative Framework for Large Civil Aircraft,” June 15, 2021; USTR, “Joint US-UK Cooperative Framework for Large Civil Aircraft,” June 17, 2021.

¹⁴⁷ 86 Fed. Reg. 36313 (July 9, 2021).

¹⁴⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 95.

Vietnamese Currency

On January 22, 2021, the Trade Representative determined that Vietnam’s acts, policies, and practices related to the undervaluation of its currency through excessive foreign exchange market interventions were unreasonable under U.S. and international norms. The Trade Representative further determined that these activities constitute a burden or restriction on U.S. commerce and, accordingly, are actionable under section 301(b) of the Trade Act.¹⁴⁹ On July 23, 2021, the Trade Representative found that no action under the section 301 investigation was warranted at the time in light of an agreement regarding currency practices between the U.S. Treasury and the State Bank of Vietnam.¹⁵⁰ In 2023, USTR, in coordination with Treasury, continued to monitor implementation of commitments and associated measures.¹⁵¹

Vietnamese Timber

On October 2, 2020, the Trade Representative initiated a section 301 investigation regarding whether acts, policies, and practices related to Vietnam’s import and use of illegally harvested or traded timber are unreasonable or discriminatory and burden or restrict U.S. commerce. On October 1, 2021, the Trade Representative announced that the United States and Vietnam had reached an agreement addressing U.S. concerns about Vietnamese timber.¹⁵² Since then, the United States and Vietnam have convened three meetings of the Timber Working Group, which was established to facilitate coordination and oversee implementation of the agreement;¹⁵³ the third such meeting took place in August 2023.¹⁵⁴ The Trade Representative indicated that USTR will continue to monitor Vietnam’s implementation of the commitments it made in the agreement.¹⁵⁵

Special 301 Investigations

USTR conducts an annual review of the state of intellectual property rights enforcement and protection in U.S. trading partners, pursuant to section 182 of the Trade Act of 1974, as amended (known as “special 301”).¹⁵⁶ Section 182(a) of the act requires the Trade Representative to identify “those foreign countries that deny adequate and effective protection of intellectual property rights, or deny fair and equitable market access to United States persons that rely on intellectual property protection.”¹⁵⁷ Under section 182(b), the Trade Representative identifies “priority foreign countries” as those that (1) have the most onerous or egregious acts, policies, or practices with the greatest actual or potential impact and (2) are not entering into—or making significant progress in—good faith negotiations. Priority foreign countries are subject to an investigation under section 301 of the Trade Act of 1974.¹⁵⁸

¹⁴⁹ 86 Fed. Reg. 6732 (January 22, 2021); USTR, *Report on Vietnam’s Acts, Policies, and Practices*, January 15, 2021.

¹⁵⁰ 86 Fed. Reg. 40675 (July 28, 2021).

¹⁵¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 96–97.

¹⁵² USTR, “U.S.-Vietnam Agreement to Resolve Timber Section 301 Investigation,” October 1, 2021.

¹⁵³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 96.

¹⁵⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 96.

¹⁵⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 96.

¹⁵⁶ 19 U.S.C. § 2242.

¹⁵⁷ 19 U.S.C. § 2242(a).

¹⁵⁸ 19 U.S.C. § 2242(b).

To aid in the administration of the statute, USTR created a watch list and a priority watch list. Placement of a trading partner on either list means that particular problems exist in that country with respect to protection, enforcement, or market access for persons relying on intellectual property rights. Countries placed on the priority watch list are the focus of increased bilateral attention during a given year.¹⁵⁹ Section 182(a), as amended, directs the Trade Representative to develop action plans for each country identified as a priority watch list country that has also been on the priority watch list for at least one year.¹⁶⁰

USTR solicited broad public participation in the 2023 special 301 review process through a request for written submissions rather than an in-person hearing because of concerns related to the COVID-19 pandemic.¹⁶¹ The interagency Special 301 Subcommittee of the Trade Policy Staff Committee (the subcommittee) sent written questions regarding issues relevant to the review to those who submitted written comments, including representatives of foreign governments, industry, and nongovernmental organizations.¹⁶² USTR and the subcommittee assessed U.S. trading partners' intellectual property rights protection and enforcement, as well as related market access issues. Following this assessment, the subcommittee, through the Trade Policy Staff Committee, provided advice to USTR.¹⁶³

USTR issued the *2023 Special 301 Report* on April 26, 2023. In the report, USTR placed seven countries on the priority watch list: Argentina, Chile, China, India, Indonesia, Russia, and Venezuela.¹⁶⁴ These same seven countries composed the priority watch list in the *2022 Special 301 Report*. USTR placed an additional 22 countries on the watch list: Algeria, Barbados, Belarus, Bolivia, Brazil, Bulgaria, Canada, Colombia, the Dominican Republic, Ecuador, Egypt, Guatemala, Mexico, Pakistan, Paraguay, Peru, Thailand, Trinidad and Tobago, Türkiye, Turkmenistan, Uzbekistan, and Vietnam.¹⁶⁵ The special 301 review of Ukraine was suspended in 2021 and remained suspended in 2023 because of Russia's invasion of Ukraine.¹⁶⁶

Antidumping and Countervailing Duty Investigations and Reviews

Antidumping Investigations

The U.S. antidumping law is found in Title VII of the Tariff Act of 1930, as amended.¹⁶⁷ This law offers relief to U.S. industries that are materially injured by imports that are dumped—that is, sold at less than fair value. The U.S. government provides a remedy by imposing an additional duty on less than fair value imports.

¹⁵⁹ USTR, *2023 Special 301 Report*, April 26, 2023, 6.

¹⁶⁰ 19 U.S.C. § 2242(g); USTR, *2023 Special 301 Report*, April 26, 2023, 6.

¹⁶¹ USTR, *2023 Special 301 Report*, April 26, 2023, 6.

¹⁶² USTR, *2023 Special 301 Report*, April 26, 2023, 6.

¹⁶³ USTR, *2023 Special 301 Report*, April 26, 2023, 7.

¹⁶⁴ USTR, *2023 Special 301 Report*, April 26, 2023, 5.

¹⁶⁵ USTR, *2023 Special 301 Report*, April 26, 2023, 5.

¹⁶⁶ USTR, *2023 Special 301 Report*, April 26, 2023, 5, 40.

¹⁶⁷ 19 U.S.C. § 1673 et seq.

Antidumping duties are imposed when (1) the U.S. Department of Commerce (USDOC) has made a final determination that imports are being, or are likely to be, sold at less than fair value in the United States and (2) the U.S. International Trade Commission (Commission) has made a final determination that a U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of such imports. Investigations are generally initiated in response to a petition filed with the USDOC and the Commission by or on behalf of a U.S. industry but can be self-initiated by the USDOC. The USDOC and the Commission each normally makes preliminary and final determinations in their respective investigations, with the Commission first making a preliminary determination, followed by the USDOC making preliminary and final determinations, and concluding with the Commission making its final determination. If the Commission makes a negative preliminary determination in its investigation, the investigation will end. Similarly, if the USDOC makes a negative final determination in its investigation, the investigation will end and the Commission will not make a final determination.

In general, imports are considered to be sold at less than fair value when a foreign firm's export price is lower than the "normal value" of the merchandise.¹⁶⁸ Generally, normal value is the price the foreign firm charges for a comparable product sold in its home market.¹⁶⁹ Under certain circumstances, the foreign firm's U.S. sales price may also be compared with the price the foreign firm charges in other export markets or with the firm's cost of producing the merchandise, taking into account the firm's "selling, general, and administrative expenses" and its profit. Under the law, this latter basis for comparison is known as "constructed value."¹⁷⁰ Finally, when the producer is located in a country with a nonmarket economy, a comparison is made between the export price and a "surrogate" normal value (its factors of production, as valued by use of a "surrogate country").¹⁷¹ A nonmarket-economy country is any foreign country that the administering authority determines does not operate on market principles of cost or pricing structures. Sales of merchandise in such a country do not reflect the fair value of the merchandise.¹⁷²

In all three instances, the amount by which the normal value exceeds the export price is the "dumping margin." The duty specified in an antidumping duty order reflects the weighted average dumping margins found by the USDOC, both for the specific exporters it examined and for all other exporters.¹⁷³ This rate of duty (in addition to any ordinary customs duty owed) will be applied to subsequent imports from the specified producers/exporters in the subject country and may be adjusted if the USDOC receives a request for an annual review.¹⁷⁴

¹⁶⁸ 19 U.S.C. § 1677(35)(A); see also 19 U.S.C. § 1677a(a) (defining export price), § 1677a(b) (defining constructed export price).

¹⁶⁹ 19 U.S.C. § 1677b.

¹⁷⁰ 19 U.S.C. § 1677b(a)(4), § 1677b(e).

¹⁷¹ 19 U.S.C. § 1677b(c). Some examples of factors of production include hours of labor required, quantity of raw materials employed, amount of energy and other utilities consumed, and representative capital cost, including depreciation. 19 U.S.C. § 1677b(c)(3).

¹⁷² 19 U.S.C. § 1677(18)(A).

¹⁷³ 19 U.S.C. § 1677(35)(B); 19 U.S.C. § 1673d(c).

¹⁷⁴ 19 U.S.C. § 1675(a).

The Commission instituted 65 new antidumping investigations and made 64 preliminary determinations and 20 final determinations during 2023.¹⁷⁵ As a result of the affirmative final USDOC and Commission determinations or the conclusion of a suspension agreement, the USDOC issued 14 antidumping duty orders—or, in one instance, a suspension agreement—on seven products from 11 countries in 2023 (table 2.2).¹⁷⁶ The status of all antidumping investigations active at the Commission during 2023—including, if applicable, the date of final action—is presented in the online [interactive dashboard](#) for this report. A list of all antidumping duty orders and suspension agreements (agreements to suspend investigations) in effect as of the end of 2023 also appears in the online [interactive dashboard](#).

Table 2.2 Antidumping duty orders that became effective during 2023 (alphabetical by trade partner)
In percentages.

Trade partner	Product	Range of dumping margins (%)
Argentina	White grape juice concentrate	Suspended
Brazil	Lemon juice	22.31
China	Paper file folders	192.70
China	Certain freight rail couplers	169.90
France	Certain preserved mushrooms	224.68–360.88
India	Paper file folders	17.22–86.01
India	Sodium nitrite	44.82
Mexico	Certain freight rail couplers	48.10
Netherlands	Certain preserved mushrooms	132.97–146.59
Poland	Certain preserved mushrooms	34.32–57.22
South Africa	Lemon juice	47.89–73.69
Spain	Certain preserved mushrooms	59.59–156.59
Vietnam	Paper file folders	97.52–233.93
Vietnam	Gas powered pressure washers	225.86

Source: Compiled by the USITC from *Federal Register* notices.

Note: Antidumping duty orders become effective following final affirmative determinations by the USDOC and the Commission.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in Title VII of the Tariff Act of 1930, as amended. It provides for the imposition of additional duties to offset (“countervail”) unfair foreign subsidies on

¹⁷⁵ Data reported here and in the following two sections (“Countervailing Duty Investigations” and “Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements”) reflect the total number of investigations. In other Commission reports, these data are grouped by product because the same investigative team and all the parties participate in a single grouped proceeding. The Commission generally produces one report and issues one opinion containing its separate determinations for each investigation.

¹⁷⁶ An antidumping investigation may be suspended if exporters accounting for substantially all the imports of the merchandise under investigation agree either to eliminate the dumping or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if exporters agree to revise prices to completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it was not continued after the suspension agreement was issued, if the USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1673c.

products imported into the United States and that meet certain conditions under law.¹⁷⁷ In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with the USDOC (the administering authority) and with the Commission. Before a countervailing duty order can be issued, the USDOC must find that a countervailable subsidy exists, and the Commission must determine that a U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, because of the subsidized imports.

The Commission instituted 19 new countervailing duty investigations and made 19 preliminary determinations and five final determinations during 2023. The USDOC issued five countervailing duty orders or, in one instance, a suspension agreement, on five products from three countries in 2023 as a result of affirmative USDOC and Commission determinations or the conclusion of a suspension agreement (table 2.3). The status of all countervailing duty investigations active at the Commission during 2023—and, if applicable, the date of final action—is presented in the online [interactive dashboard](#) for this report. A list of all countervailing duty orders and suspension agreements in effect at the end of 2023 also appears in the online [interactive dashboard](#).¹⁷⁸

Table 2.3 Countervailing duty (CVD) orders that became effective during 2023 (alphabetical by trade partner)
In percentages.

Trade partner	Product	Range of countervailable subsidy rates (%)
Argentina	White grape juice concentrate	Suspended
China	Certain freight rail couplers and parts thereof	265.99
India	Barium chloride	23.57
India	Sodium nitrite	42.76
India	Paper file folders	13.44–82.23

Source: Compiled by the USITC from *Federal Register* notices.

Note: CVD orders become effective following final affirmative determinations by the USDOC and the Commission.

¹⁷⁷ For purposes of countervailing duties, the Tariff Act of 1930 defines a subsidy as a financial benefit given by an authority (a government of a country or any public entity within the territory of the country) to a person, in which the authority either (1) provides a financial contribution, (2) provides any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade 1994, or (3) makes a payment to a funding mechanism to provide a financial contribution or entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by governments. See 19 U.S.C. § 1677(5)(B).

¹⁷⁸ A countervailing duty investigation may be suspended if the government of the subsidizing country or exporters accounting for substantially all of the imports of the merchandise under investigation agree to eliminate the subsidy, to completely offset the net subsidy, or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if the government of the subsidizing country or exporters agrees to completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it had not previously been continued after issuance of the suspension agreement, if the USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1671c.

Reviews of Outstanding Antidumping and Countervailing Duty Orders and Suspensions Agreements

Section 751(a) of the Tariff Act of 1930 requires the USDOC, if requested, to conduct annual reviews of outstanding antidumping duty and countervailing duty orders to ascertain the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751(b) also authorizes the USDOC and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances.¹⁷⁹ Where a changed-circumstances review is directed to the Commission, the party that is asking to have an antidumping duty order or countervailing duty order revoked or a suspended investigation terminated has the burden of persuading the Commission that circumstances have changed enough to warrant revocation.¹⁸⁰

Five-year reviews were added to the U.S. antidumping and countervailing laws in 1995, pursuant to the WTO Uruguay Round negotiations, so that antidumping duties and countervailing duties might remain in force only as long as and to the extent necessary to offset dumping and subsidies causing injury. U.S. legislation implementing the process is set out in section 751(c) of the Tariff Act of 1930, as amended, which requires both the USDOC and the Commission to conduct five-year reviews of existing antidumping duty and countervailing duty orders and suspension agreements five years after their initial publication and five years after publication of any subsequent determination to continue them. These reviews are intended to determine whether revoking an order or terminating a suspension agreement would likely lead to the continuation or recurrence of dumping or a countervailable subsidy and to material injury. If either the USDOC or the Commission reaches negative determinations, the order will be revoked or the suspension agreement terminated.

During 2023, the USDOC and the Commission instituted 82 five-year reviews of existing antidumping and countervailing duty orders or suspended investigations and the Commission completed 116 reviews (9 additional reviews were terminated before a Commission determination). Affirmative determinations by the USDOC and the Commission resulted in 115 antidumping duty and countervailing duty orders continuing. The Commission also issued one negative determination. The online [interactive dashboard](#) for this report lists, by date and action, the reviews of antidumping duty and countervailing duty orders and suspended investigations completed or terminated in 2023.

Section 129 Determinations

Section 129 of the Uruguay Round Agreements Act of 1994¹⁸¹ provides a procedure by which the United States may determine its response to an adverse WTO panel or Appellate Body report concerning U.S. obligations under the WTO Antidumping Agreement, the Safeguards Agreement, or the Agreement on Subsidies and Countervailing Measures. Section 129 also establishes a mechanism that permits the

¹⁷⁹ 19 U.S.C. § 1675(b). 19 U.S.C. § 1675(b)(3).

¹⁸⁰ 19 U.S.C. § 1675(b)(3).

¹⁸¹ 19 U.S.C. 3538.

agencies concerned (the USDOC and the Commission) to issue a second determination, where such action is appropriate, to respond to the recommendations in a WTO panel or Appellate Body report.¹⁸²

The USDOC completed one proceeding under section 129 in 2023 with respect to determinations necessary to bring certain U.S. measures into conformity with the recommendations and ruling of the WTO Dispute Settlement Body (DSB) in the dispute *United States-Antidumping and Countervailing Duties on Ripe Olives from Spain* (WTO/DS577). The dispute concerned the USDOC's final determination relating to a rate calculation for one company, benefits to downstream agricultural processors, and certain factual findings.¹⁸³

Following consultations with USTR, the USDOC in July 2022 opened a segment in the countervailing duty proceeding to commence action to comply with the DSB's recommendations and implement the new determination.¹⁸⁴ After considering case comments and rebuttal comments, the USDOC on December 20, 2022, issued its final determination. On January 12, 2023, USTR notified the USDOC that, consistent with section 129(b)(3) of the Uruguay Round Agreements Act, consultations with the USDOC and appropriate congressional committees had been completed, and USTR directed the USDOC to implement the determination.¹⁸⁵ On January 16, 2023, the United States informed the DSB pursuant to Article 21.6 of the WTO Dispute Settlement Understanding (DSU) of its compliance with the DSB's recommendations in this dispute.¹⁸⁶

On February 13, 2023, the United States and the EU informed the DSB of Agreed Procedures under Articles 21 and 22 of the DSU (sequencing agreement). On April 28, 2023, the EU requested consultations with the United States pursuant to Article 21.5 of the DSU concerning the antidumping and countervailing duties on ripe olives from Spain imposed by the United States, as well as with respect to a disagreement regarding the existence or consistency with a covered agreement of measures taken to comply with the DSB recommendations and rulings in this dispute.¹⁸⁷ The consultations were held on May 24, 2023, but failed to resolve the dispute.¹⁸⁸

On July 14, 2023, the EU requested the establishment of a compliance panel, and the DSB, at its meeting on July 28, 2023, agreed to refer the matter to the original panel, if possible. On July 31, 2023, the compliance panel was composed of the original panelists.¹⁸⁹

¹⁸² Uruguay Round Agreements Act, Statement of Administrative Action, 103d Congress, 2d Session, H.R. Doc. 103-316, vol. 1 (1994) at 1022.

¹⁸³ For a description of the WTO dispute, see USITC, *The Year in Trade 2021*, August 2022, 123.

¹⁸⁴ Ripe Olives from Spain: Implementation of Determination . . . Uruguay Round Agreements Act, 88 Fed. Reg. 3384 (January 19, 2023).

¹⁸⁵ Ripe Olives from Spain: Implementation of Determination . . . Uruguay Round Agreements Act, 88 Fed. Reg. 3384 (January 19, 2023).

¹⁸⁶ See chapter 3 of this report for description of WTO DSB and DSU. WTO, "WTO Dispute Settlement - DS577," October 25, 2023.

¹⁸⁷ WTO, "WTO Dispute Settlement - DS577," October 25, 2023.

¹⁸⁸ WTO, *United States-Anti-Dumping and Countervailing Duties on Ripe Olives from Spain - Recourse to Article 21.5 of the DSU by the European Union, Report of the Panel*, February 20, 2024, 8.

¹⁸⁹ The panel issued its report on February 20, 2024. WTO, *United States-Anti-Dumping and Countervailing Duties on Ripe Olives from Spain - Recourse to Article 21.5 of the DSU by the European Union, Report of the Panel*, February 20, 2024, 8–9.

Section 337 Investigations

Background

Section 337 of the Tariff Act of 1930, as amended,¹⁹⁰ prohibits various unfair acts in the importation and sale of articles in the United States, and is most commonly utilized in connection with allegations of patent infringement. In this context, section 337 prohibits the importation into the United States, the sale for importation, and the sale within the United States after importation of articles that infringe a valid and enforceable United States patent, provided that an industry in the United States, relating to articles protected by the patent concerned, exists or is in the process of being established.¹⁹¹ Similar requirements govern investigations involving infringement of other federally registered intellectual property rights, including registered trademarks, registered copyrights, registered mask works, and registered vessel hull designs.

The Commission also has statutory authority to investigate other unfair methods of competition and unfair acts in the importation and sale of products in the United States (such as products manufactured abroad using stolen trade secrets), the threat or effect of which is to destroy or injure a U.S. industry, to prevent the establishment of a U.S. industry, or to restrain or monopolize trade and commerce in the United States.¹⁹² The Commission may institute an investigation on the basis of a complaint or on its own initiative.¹⁹³

If the Commission determines that a violation of section 337 has occurred, it will issue an exclusion order directing U.S. Customs and Border Protection to block the imports in question from entry into the United States.¹⁹⁴ This can take the form of a limited exclusion order, excluding the products of a named respondent in an investigation, or a general exclusion order, excluding all infringing products, regardless of source. The Commission can also issue cease and desist orders that direct the violating parties to stop engaging in the unlawful practices. These orders enter into force unless disapproved for policy reasons by USTR within 60 days of issuance.¹⁹⁵

¹⁹⁰ 19 U.S.C. § 1337.

¹⁹¹ Section 337 also applies to articles that are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent. 19 U.S.C. § 1337(a)(1)(B)(ii).

¹⁹² Other unfair methods of competition and unfair acts have included common-law trademark infringement, trademark dilution, trade dress infringement, false advertising, false designation of origin, and antitrust violations. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping or countervailing duty provisions, not under section 337. See 19 U.S.C. § 1337(b)(3).

¹⁹³ 19 U.S.C. § 1337(b)(1). Section 337 investigations at the Commission are conducted before an administrative law judge (ALJ) in accordance with the Administrative Procedure Act, 5 U.S.C. §§ 551 et seq. The ALJ conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission for review. If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by USTR, and whether public interest considerations preclude issuing a remedy.

¹⁹⁴ Although rare, the Commission may also issue temporary or preliminary relief pending the outcome of an investigation. 19 U.S.C. § 1337(e).

¹⁹⁵ 19 U.S.C. § 1337(j). Although the statute reserves the review for the President, since 2005 this function has been officially delegated to USTR. 70 Fed. Reg. 43251 (July 26, 2005).

Developments in 2023

During calendar year 2023, section 337 activity decreased somewhat from 2022's all-time high number of proceedings.¹⁹⁶ Over the course of the year, 107 section 337 investigations and ancillary (secondary) proceedings were active,¹⁹⁷ 50 of which were instituted in 2023. Of these 50 new proceedings, 37 were new section 337 investigations and 13 were new ancillary proceedings relating to previously concluded investigations.

In 29 of the 37 new section 337 investigations instituted in 2023, patent infringement was the only type of unfair act alleged. Of the remaining 8 investigations, 2 involved allegations of trade secret misappropriation; 1 involved allegations of patent and trade dress infringement; 1 involved allegations of patent and trademark infringement; 1 involved allegations of patent, trademark, and trade dress infringement; 1 involved allegations of trademark infringement, false advertising, and false designation of origin; 1 involved allegations of unfair competition, false advertising, and false designation of origin; and 1 involved allegations of trade dress infringement, false designation of origin, false advertising, and unfair competition.

The Commission completed a total of 57 investigations and ancillary proceedings under section 337 in 2023, including 3 rescission proceedings, 1 remand proceeding, 1 modification proceeding, 2 bond-related proceedings, 1 enforcement proceeding, 1 reconsideration proceeding, and 3 declassification proceedings.¹⁹⁸ In addition, the Commission issued 1 general exclusion order, 11 limited exclusion orders, and 39 cease and desist orders during 2023. Of the 22 investigations in which the Commission rendered a final determination on the merits, the Commission found a violation of section 337 in 11 investigations and no violation in 11 investigations. The Commission terminated 23 investigations without determining whether a violation had occurred; 13 of those were terminated on the basis of settlement agreements or consent orders, 9 were terminated because the complaint was withdrawn, and 1 was terminated on the basis of an arbitration agreement. Commission activities involving 337 proceedings in 2023 are presented in this report's online [interactive dashboard](#).

As in past years, the section 337 investigations active in 2023 involved a broad spectrum of products (table 2.4). Technology products remained the single largest category, with 36.4 percent of the active proceedings involving computer and telecommunications equipment, and another 12.1 percent involving consumer electronics. The next largest category was pharmaceuticals and medical devices, which were at issue in 9.6 percent of the active proceedings. The "other" category grew to 26.1 percent of active investigations, and this year included products such as photovoltaic connectors, icemaking machines, ceiling fans, electronic eyewear, LiDAR systems, golf club connectors, and shopping cart wheels.

¹⁹⁶ For more information and data for prior years, see USITC, *The Year in Trade 2022*, December 2023, 81.

¹⁹⁷ An ancillary proceeding is a secondary or follow-up proceeding related to a previously concluded section 337 investigation.

¹⁹⁸ A rescission proceeding is a proceeding to determine whether or not to rescind a previously issued remedial order. A remand is a proceeding conducted by the Commission in accordance with the order of the U.S. Court of Appeals for the Federal Circuit directing the Commission to conduct additional proceedings with respect to a previously concluded investigation.

Table 2.4 Product types at issue in active 337 proceedings, 2023

In percentages.

Category	Share of total (%)
Computer and telecommunications equipment	36.4
Consumer electronics	12.1
Pharmaceuticals and medical devices	9.6
Small consumer products	4.7
Automotive, manufacturing, and transportation products	3.8
Lighting products	2.8
LCDs/TVs	2.8
Printing products	1.0
Integrated circuits	1.0
Other	26.1

Source: USITC calculations.

Note: Because of rounding, totals may not add up to 100 percent.

At the close of 2023, 50 section 337 investigations and ancillary (secondary) proceedings were pending at the Commission. As of December 31, 2023, 144 exclusion orders based on violations of section 337 were in effect. This report's online [interactive dashboard](#) lists the investigations in which these exclusion orders were issued. Copies of the exclusion orders are available on the Commission's website at https://www.usitc.gov/intellectual_property/exclusion_orders.htm. Detailed information about section 337 investigations instituted since October 1, 2008, is available on the Commission's Investigations Database System (IDS), which can be found at <https://ids.usitc.gov/>.

National Security Investigations

Section 232 of the Trade Expansion Act of 1962 (section 232) provides for investigations by the U.S. Secretary of Commerce (Secretary) to determine effects on national security of imports of articles.¹⁹⁹ Section 232(b) requires the Secretary, upon request of the head of any department or agency, application of an interested party, or the Secretary's own motion, to initiate an appropriate investigation to determine the effects on national security of imports of the article that is the subject of the request, application, or motion. The Secretary must submit a report to the President within 270 days of initiating an investigation. The report must include the Secretary's findings "with respect to the effect of the importation of such article in such quantities or under such circumstances upon the national security" and recommendations for action or inaction. The statute also provides that if the imported article "is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security," the Secretary must so advise the President in the report.²⁰⁰

Within 90 days of receiving such a report from the Secretary, the President must determine whether to concur with the finding of the Secretary and, in the concurring, must determine the nature and duration of the action that must be taken to adjust imports of the article and its derivatives so that such imports will not threaten to impair national security.²⁰¹

¹⁹⁹ Trade Expansion Act of 1962, Pub. L. No. 87-794, § 232, 76 Stat. 872, 877 (1962) (codified at 19 U.S.C. § 1862).

²⁰⁰ 19 U.S.C. § 1862(b)(3)(A).

²⁰¹ 19 U.S.C. § 1862(c)(1)(A).

Developments in 2023

During 2023, the USDOC did not institute any new investigations under the national security provisions in section 232. Since 2017, the USDOC has initiated eight investigations, following more than a decade of inactivity. Section 232 investigations are described in detail in two Commission publications: *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries* (investigations initiated between 2018 and 2022) and *The Year in Trade 2021* (investigations initiated between 2017 and 2021).²⁰² Most investigations conducted since 2017 had no new developments in 2023. The exceptions were the investigations on steel and aluminum.

In Proclamation 10403 of May 27, 2022, President Biden suspended the section 232 tariffs on steel articles and derivative steel articles from Ukraine for one year.²⁰³ After receiving a finding by the Secretary of Commerce that the situation with regard to Ukraine's steel industry had not changed since the issuance of Proclamation 10403, on May 31, 2023, the President concluded that Ukraine's situation remained a special case. The President decided that extending the suspension of tariffs in Proclamation 10403 and including steel articles shipped from Ukraine and further processed in a member country of the EU was warranted.²⁰⁴

In addition, effective May 1, 2023, the USDOC directed U.S. Customs and Border Protection to modify its administration of the European Union Aluminum Tariff-Rate Quota, Japan Steel Tariff-Rate Quota, and the United Kingdom Steel and Aluminum Tariff-Rate Quotas. These directions specified that section 232 exclusions should be applied against the quarterly or biannual limits of each tariff-rate quota, rather than the annual limits of each tariff-rate quota.²⁰⁵

Trade Preference Programs

Trade preference programs generally provide duty-free treatment to U.S. imports of eligible articles from designated beneficiary developing countries.²⁰⁶ Total U.S. imports under these trade preference programs decreased in value from 2022 to 2023. U.S. imports entered under the U.S. Generalized System of Preferences (GSP) and the Caribbean Basin Economic Recovery Act (CBERA) had the largest decreases in value and percentage from 2022 to 2023. The values of U.S. imports under the African Growth and Opportunity Act (AGOA) and the Nepal Trade Preference Program (NTPP) were also smaller in 2023 compared to 2022 (table 2.5).

Though U.S. imports under the trade preference programs decreased from 2022 to 2023, the utilization rate of trade preference programs paints a mixed picture. The utilization rate of trade preference programs increased for the NTPP and AGOA (including GSP) programs by 4.8 percent and 0.2 percentage

²⁰² USITC, *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*, May 2023; USITC, *The Year in Trade 2021*, August 2022.

²⁰³ Proclamation 10403, "Adjusting Imports of Steel Into the United States," 87 Fed. Reg. 33407 (June 2, 2022).

²⁰⁴ Proclamation 10588, "Adjusting Imports of Steel Into the United States," 88 Fed. Reg. 36437 (June 5, 2023).

²⁰⁵ USDOC, BIS, "Section 232 National Security Investigation of Steel Imports - Information on the Exclusion Process," accessed May 21, 2024.

²⁰⁶ CBERA also allows for reduced duty treatment for items classified under 63 tariff lines. USITC, *U.S.-Haiti Trade: Impact*, December 2022.

points, respectively, from 2022 to 2023.²⁰⁷ During the same period, the CBERA and GSP programs' utilization rates declined by 14.1 percent and 2.2 percentage points, respectively (table 2.6). Interactive tables showing imports by product and source under the preference programs are available in the online [interactive dashboard](#) for this report.

Table 2.5 Imports for consumption under specified trade preference programs, annual, 2021–23

In millions of dollars and percentages. AGOA = African Growth and Opportunity Act; CBERA = Caribbean Basin Economic Recovery Act; CBTPA = Caribbean Basin Trade Partnership; HOPE = Haiti-specific preferences through the Hemispheric Opportunity through Partnership Encouragement Acts of 2006 and of 2008; HELP = Haiti Economic Lift Program; GSP = U.S. Generalized System of Preferences; NTPP = Nepal Trade Preference Program.

Tariff preference program	2021 (million \$)	2022 (million \$)	2023 (million \$)	Percentage change, 2022–23 (%)
Imports that claimed AGOA preferences, including GSP	6,770	10,349	9,714	–6.1
Imports that claimed CBERA preferences, including CBTPA and HOPE I/HOPE II/HELP	2,191	2,801	1,973	–29.5
Imports that claimed GSP preferences	18,677	21,529	18,158	–15.7
Imports that claimed NTPP preferences	4	5	4	–14.2

Source: USITC DataWeb/Census, accessed July 5, 2024.

Note: GSP data refer only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021–23. AGOA beneficiary countries receive GSP trade preferences tied to AGOA authorization dates, allowing imports from AGOA beneficiaries to claim preferences that have lapsed for other countries. Because of rounding, figures may not add to totals shown. Rounding may affect percentage changes.

Table 2.6 The utilization rate of specific trade preference programs, annual, 2021–23

In percentages and percentage points (ppts). AGOA = African Growth and Opportunity Act; CBERA = Caribbean Basin Economic Recovery Act; CBTPA = Caribbean Basin Trade Partnership; HOPE = Haiti-specific preferences through the Hemispheric Opportunity through Partnership Encouragement Acts of 2006 and of 2008; HELP = Haiti Economic Lift Program; GSP = U.S. Generalized System of Preferences; NTPP = Nepal Trade Preference Program.

Tariff preference program	2021 (%)	2022 (%)	2023 (%)	Percentage point change, 2022–23 (ppts)
AGOA (including GSP)	62.7	72.0	72.1	0.2
CBERA (including CBTPA and HOPE I/HOPE II/HELP)	48.9	51.3	37.2	–14.1
GSP (including GSP-LDBC)	64.0	58.9	56.7	–2.2
NTPP	47.9	44.0	48.8	4.8

Source: USITC DataWeb/Census, accessed July 5, 2024.

Note: The utilization rate is measured by imports under specified tariff preference programs as a share of total program-eligible country imports. Percentages reflect the total imports for consumption under the specified program as a share of imports for consumption of products classified under eligible *Harmonized Tariff Schedule of the United States* 8-digit subheadings from program-eligible countries. GSP data refer only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021–23. AGOA beneficiary countries receive GSP trade preferences tied to AGOA authorization dates, allowing imports from AGOA beneficiaries to claim preferences that have lapsed for other countries.

²⁰⁷ The preference program utilization rate is calculated by dividing U.S. imports that claimed preferences under that program (i.e., received duty elimination or reduction) by imports of the universe of products that were covered by that program. The universe of products covered by the program comprises the products (HTS classifications) that are eligible for program preferences.

Generalized System of Preferences

The Generalized System of Preferences (GSP) program authorizes the President to grant duty-free treatment to imports of eligible articles from designated beneficiary developing countries (BDCs).²⁰⁸ The President's authority to provide duty-free treatment under the GSP program lapsed on January 1, 2021, and had not been reauthorized at year-end 2023, resulting in the longest lapse in the history of the program.²⁰⁹ Before the lapse in authorization, products entered under 3,614 HTS subheadings were eligible for duty-free access under GSP when imported from BDCs, and imports entered under an additional 1,524 HTS subheadings were eligible for duty-free access when imported from countries designated as least-developed beneficiary developing countries (LDBDCs).²¹⁰

The GSP program aims to accelerate economic growth in developing countries by allowing eligible exports from BDCs to enter the United States duty free.²¹¹ The President has the authority to designate countries and territories as BDCs under the GSP program with certain limitations described in the statute. The President must terminate a BDC's eligibility status if it becomes a high-income country, as defined by the World Bank.²¹² A country can lose all or part of its GSP eligibility following findings of country practices that violate the provisions of the GSP statute.²¹³ As of December 29, 2023, 119 countries and territories were designated GSP BDCs, 44 of which were also designated LDBDCs.²¹⁴

GSP's eligibility criteria for all beneficiary countries include taking steps to respect internationally recognized worker rights, providing the United States with equitable and reasonable market access, reducing trade-distorting investment practices, and affording adequate and effective protection of intellectual property rights to U.S. rights holders.²¹⁵ Requests for reviews of the GSP status for any BDC with respect to such violations can be brought to the attention of an interagency GSP Subcommittee of the Trade Policy Staff Committee (GSP Subcommittee) through a petition process. The GSP Subcommittee may initiate assessments of BDCs as well.²¹⁶ As of December 31, 2023, seven country practice reviews were ongoing; no new petitions were opened or closed during 2023 because of the lapse in GSP's authorization.²¹⁷

²⁰⁸ 19 U.S.C. §§ 2461–2467.

²⁰⁹ Pub. L. No. 115-141, Division M, Title V, § 501, 132 Stat. 348, 1050 (2018) (extending GSP to December 31, 2020). The second-longest lapse in authorization occurred between July 31, 2013, and June 29, 2015. For GSP authorization status over time, see USITC, *U.S.-Haiti Trade: Impact*, December 2022, table E.1.

²¹⁰ USITC, "The 2023 HTS Item Count," accessed March 19, 2024.

²¹¹ USTR, *GSP Guidebook*, November 2020, 4.

²¹² 19 U.S.C. § 2462(e).

²¹³ 19 U.S.C. § 2462(d).

²¹⁴ USITC, *HTS (2024) Basic Edition*, January 2024, General Rules of Interpretation, General Note 4, "Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP)."

²¹⁵ 19 U.S.C. § 2462(b) & (c).

²¹⁶ 15 C.F.R. § 2007.0 (1986).

²¹⁷ "As of December 31, 2023, seven reviews were pending, including reviews of Indonesia and South Africa on IP protection and IP enforcement; a review of Ecuador on enforcement of arbitral awards; and reviews of Azerbaijan, Eritrea, Kazakhstan, and Zimbabwe on worker rights." USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 156.

The President also has the authority to designate the articles that are eligible for duty-free treatment, but only after receiving advice from the Commission.²¹⁸ The statute designates certain goods (e.g., most footwear, textiles, and apparel) as “import sensitive” and thus not eligible for duty-free treatment under the GSP program.²¹⁹ Under GSP, products imported from BDCs (which are not also LDBDCs or beneficiary sub-Saharan African countries) are subject to annual quantitative ceilings on GSP benefits called competitive need limitations. If imports of a product from a BDC exceed the competitive need limitations, duty-free treatment may be terminated for that product from that BDC.²²⁰

Developments in 2023

As noted above, the President’s authority to provide duty-free treatment under the GSP program lapsed at the beginning of 2021. Because of the lapse in authority in 2023, no imports received duty-free treatment under the program during 2023 and the GSP Subcommittee took no actions.²²¹ In 2023, however, USTR continued to engage with GSP beneficiary countries, including Armenia, Azerbaijan, Brazil, Cambodia, Ecuador, Georgia, Kazakhstan, Moldova, Nepal, Pacific Island economies, Pakistan, Paraguay, the Philippines, Sri Lanka, Thailand, Ukraine, and Uzbekistan on utilization of GSP benefits and compliance with GSP eligibility criteria in preparation for the GSP program’s potential reauthorization (some of these engagements are covered in chapter 4).²²² In addition, throughout 2023, USTR engaged with the government of Bangladesh on labor-related issues, such as worker rights and worker safety.²²³ The President suspended Bangladesh’s designation as a GSP beneficiary developing country in 2013 after the President determined that Bangladesh had “not taken or is not taking steps to afford internationally recognized worker rights to workers in the country.”²²⁴

Nepal Trade Preference Program

The Nepal Trade Preferences Act (NTPA) came into effect on March 25, 2016, and is currently set to expire on December 31, 2025.²²⁵ The NTPA authorizes the President, if the President determines that Nepal meets certain requirements set forth in the NTPA, to provide preferential treatment to articles imported directly from Nepal to the United States and that would not otherwise have preferential access under GSP. In addition to the requirements set forth in the NTPA, the NTPA also requires the President to determine that Nepal meets the requirements of AGOA and the requirements in GSP statutes.²²⁶

²¹⁸ 19 U.S.C. § 2463.

²¹⁹ 19 U.S.C. § 2463(b).

²²⁰ 19 U.S.C. § 2463(c); USTR, *GSP Guidebook*, November 2020, 9–10.

²²¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 77; USTR, *GSP Guidebook*, November 2020, 8.

²²² Chapter 4 describes TIFA engagements with Bangladesh, Brazil, Cambodia, Central Asia, Pakistan, Paraguay, the Philippines, Sri Lanka, Thailand, and Ukraine, as well as through the Pacific Islands Forum. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 156.

²²³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 75–76.

²²⁴ Proclamation 8997, 78 Fed. Reg. 39949 (June 27, 2013).

²²⁵ 19 U.S.C. § 4454(f)–(g). Amendments to the HTS providing for duty-free treatment under NTPA applied to imports from Nepal entered for consumption on or after December 30, 2016. Proclamation 9555, 81 Fed. Reg. 92499 (December 20, 2016).

²²⁶ 19 U.S.C. § 4454(b)(1).

The NTPA authorizes the Nepal Trade Preference Program (NTPP). The NTPP gives Nepal duty-free access to the U.S. market for certain goods, including certain luggage and flat goods classified in HTS chapter 42, certain carpets and floor coverings in chapter 57, certain apparel in chapters 61 and 62, two non-apparel made-up textile articles in chapter 63, and various headwear items in chapter 65.²²⁷ Under the NTPP, Nepal is eligible for duty-free treatment on 77 HTS 8-digit subheadings, 31 of which are also duty free under GSP.²²⁸

The United States engages with Nepal on a regular basis through the United States-Nepal Trade and Investment Framework Agreement (TIFA) Council. One goal of the TIFA Council is to ensure that Nepal meets the statutory criteria of the NTPP, which consists of the eligibility requirements of both GSP and AGOA.²²⁹ During the May 2023 Nepal-United States TIFA Council meeting, both countries discussed the criteria for the NTPP program, including the need for continual progress in establishing a market-based economy, rule of law, and the protection of internationally recognized worker rights.²³⁰

African Growth and Opportunity Act

Enacted in 2000, AGOA provides tariff preferences to products from eligible countries in sub-Saharan Africa (SSA).²³¹ In particular, AGOA provides duty-free access to the U.S. market for all GSP-eligible products and more than 1,800 additional qualifying products classified under HTS 8-digit subheadings that are eligible under AGOA only.²³² To be designated an AGOA beneficiary, countries must satisfy both the GSP eligibility criteria as well as the more stringent AGOA eligibility criteria.²³³ AGOA beneficiary countries are exempt from GSP competitive need limitations.²³⁴ AGOA also provides duty-free treatment for certain apparel articles cut and sewn in designated beneficiary countries if additional eligibility criteria are also satisfied.²³⁵ As with GSP, duty-free treatment under the AGOA program is not permanent. Unlike GSP, the President's authority to provide duty-free treatment to certain articles from designated AGOA beneficiaries is currently in effect through September 30, 2025.²³⁶

Each year, the President must consider whether individual SSA countries are, or remain, eligible for AGOA benefits.²³⁷ USTR initiates the annual eligibility review with the publication of a notice in the *Federal Register* requesting comments and announcing a public hearing. Forty-nine countries are defined

²²⁷ 19 U.S.C. § 4454(c)(2)(A)(iii).

²²⁸ USTR, *2024 USTR Annual Report to Congress on the Implementation of the Nepal Trade Preference Program (NTPP)*, 2024, 4.

²²⁹ See preceding and next section for descriptions of GSP and AGOA eligibility requirements. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 158. For more details, see the TIFAs section in chapter 4.

²³⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 158.

²³¹ 19 U.S.C. §§ 3701–3702 (Congress's findings and policy in creating AGOA).

²³² 19 U.S.C. §§ 2466a(b), 2466B, and 3722(a). The GSP program authorizes the President to provide duty-free treatment for eligible articles from a beneficiary developing country (BDC) in accordance with certain provisions of law. For more details, please see the GSP section in this chapter.

²³³ Compare 19 U.S.C. § 3703 (AGOA eligibility criteria) with and 19 U.S.C. § 2463 (GSP eligibility criteria).

²³⁴ 19 U.S.C. § 2463(c)(2)(D).

²³⁵ 19 U.S.C. §§ 3721–3722. See HTS chapter 98, subchapter XIX, for applicable provisions.

²³⁶ See 19 U.S.C. §§ 2466b & 3721. AGOA beneficiary countries receive GSP trade preferences tied to AGOA authorization dates and thus may continue to receive duty-free treatment for GSP products even when GSP authorization has lapsed for other countries. 19 U.S.C. § 2466b.

²³⁷ 19 U.S.C. §§ 2466a(a)(2) & 3705 note.

as part of the SSA region for purposes of AGOA.²³⁸ In 2023, 35 SSA countries were eligible for AGOA benefits.²³⁹ Of these countries, 23 were eligible for AGOA textile and apparel benefits for all or part of 2023.²⁴⁰ Of the countries in the latter group, all but one (South Africa) were also eligible for additional textile and apparel benefits intended for least-developed beneficiary countries (LDBCs) for all or part of 2023.²⁴¹ Notable among these extra benefits is the third-country fabric provision for LDBCs. This provision provides duty-free treatment for certain apparel articles cut and sewn in designated beneficiary countries from non-U.S., non-AGOA fabrics as long as additional eligibility criteria are satisfied.²⁴² As a result of the 2023 AGOA eligibility review, AGOA eligibility was terminated for the Central African Republic, Gabon, Niger, and Uganda and AGOA benefits were reinstated for Mauritania. These changes all took effect on January 1, 2024.²⁴³ Therefore, 32 SSA countries are eligible for AGOA benefits in 2024.²⁴⁴

AGOA requires that the President convene the annual U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (also known as the AGOA Forum) to discuss trade, investment, and development at an annual ministerial-level meeting with AGOA beneficiary countries.²⁴⁵

²³⁸ 19 U.S.C. § 3706; Equatorial Guinea and Seychelles are not AGOA program eligible because they are no longer GSP BDCs. Two other countries, Somalia and Sudan, are not AGOA program eligible because they have never requested to join AGOA. USITC, *African Growth and Opportunity Act (AGOA): Program Usage, Trends, and Sectoral Highlights*, March 2023, 37–38.

²³⁹ The 35 countries eligible for AGOA benefits were Angola, Benin, Botswana, Cabo Verde, Central African Republic, Chad, Comoros, Côte d'Ivoire, the Democratic Republic of the Congo, Djibouti, Eswatini, Gabon, The Gambia, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Niger, Nigeria, the Republic of the Congo, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and Zambia. In 2022, 36 SSA countries were eligible. As a result of the 2022 annual AGOA eligibility review, eligibility was terminated for Burkina Faso, effective January 1, 2023. USTR, *2023 Trade Policy Agenda and 2022 Annual Report*, March 2023, 72; 153.

²⁴⁰ The 23 countries eligible for AGOA textile and apparel benefits for all or part of 2023 were Benin, Botswana, Cabo Verde, Chad, Côte d'Ivoire, Eswatini, Ghana, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and Zambia. USDOC, ITA, OTEXA, "AGOA Preferences: Country Eligibility, Apparel Eligibility, and Textile Eligibility (Category 0 and Category 9)," accessed May 7, 2024. For more information, see USITC, *African Growth and Opportunity Act (AGOA): Program Usage, Trends, and Sectoral Highlights*, March 2023, 45–48.

²⁴¹ USDOC, ITA, OTEXA, "AGOA Preferences: Country Eligibility, Apparel Eligibility, and Textile Eligibility (Category 0 and Category 9)," accessed May 7, 2024.

²⁴² Chapter 98, subchapter XIX, U.S. note 2(a) through 2(e), USITC, *2024 HTS, Revision 1*, January 2024.

²⁴³ Gabon and Niger lost their AGOA eligibility following concerns with rule of law and political pluralism because of unconstitutional changes of government in each country. The Central African Republic lost its AGOA eligibility because of concerns with rule of law, political pluralism, and worker rights, as well as on the basis of gross violations of internationally recognized human rights perpetrated by that government. Meanwhile, Mauritania's AGOA eligibility was reinstated based upon the progress that it had made with respect to the 2019 termination of its benefits due to worker rights concerns related to forced labor, particularly hereditary slavery, as well as the government's willingness to work diligently with the United States to continue to make substantial and measurable progress on worker rights and eliminating forced labor throughout the country. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 157.

²⁴⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 157.

²⁴⁵ 19 U.S.C. § 3704.

In November 2023, the U.S. Trade Representative and South Africa’s Minister of Trade, Industry, and Competition co-chaired the 20th AGOA Forum in Johannesburg.²⁴⁶ Participants of the 2023 AGOA Forum included senior government officials from the United States and 32 AGOA-eligible countries; continental and regional economic organizations; and U.S. and African representatives from labor organizations, civil society, and the private sector.²⁴⁷ The 2023 AGOA Forum emphasized “enhancing economic engagement between the United States and the African continent, working together with African partners to make AGOA more transformative and impactful, empowering labor and civil society groups, and promoting continental and regional integration.”²⁴⁸

At the AGOA Forum, the United States restated its dedication to the AGOA program and facilitated discussions covering a wide range of topics. These included enhancing AGOA utilization, promoting gender equality and inclusivity within the program, and strengthening the partnership between the United States and SSA countries to create economic opportunities for both Americans and Africans.²⁴⁹ During the AGOA Forum, the U.S. Trade Representative also met with the Secretary General of the African Continental Free Trade Area (AfCFTA) to discuss the implementation of the AfCFTA memorandum of understanding as well as key regional integration issues.²⁵⁰

Caribbean Basin Economic Recovery Act

The 1983 Caribbean Basin Economic Recovery Act (CBERA) authorizes the President to grant certain unilateral preferential tariff benefits to Caribbean Basin countries.²⁵¹ These benefits have been enhanced and expanded over time and are intended to promote economic growth and development through increased exports of nontraditional products.²⁵²

The Caribbean Basin Trade Partnership Act (CBTPA) amended CBERA in 2000, expanding preferential treatment to several products previously excluded from CBERA, notably certain apparel, for CBERA beneficiaries that meet additional eligibility requirements.²⁵³ Altogether, CBERA provides duty-free

²⁴⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 78.

²⁴⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 78.

²⁴⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 78.

²⁴⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 78.

²⁵⁰ The memorandum of understanding was signed in December 2022 and, according to USTR, was mainly developed to “support implementation of the AfCFTA, including its Protocol on Women and Youth in Trade; promoting equitable, sustainable, and inclusive trade; boosting competitiveness and attracting investment to the continent; diversifying trade to underserved groups; and, helping African countries move into more advanced manufacturing in closer partnership with U.S. companies operating across the continent.” The memorandum of understanding calls for a yearly interaction between the U.S. Government and the AfCFTA Secretariat. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 44. USTR, “Readout of Ambassador Katherine Tai’s Trip to Johannesburg for the 20th AGOA Forum,” November 4, 2023.

²⁵¹ 19 U.S.C. § 2701. The 17 CBERA beneficiaries as of January 2024 were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and the British Virgin Islands. USITC, *2024 HTS, Revision 1*, January 2024, General Note 7(a), Products of Countries Designated as Beneficiary Countries under the Caribbean Basin Economic Recovery Act (CBERA), GN 19.

²⁵² 19 U.S.C. § 2702 notes. For a detailed description, see USITC, *Caribbean Basin Economic Recovery Act, 26th Report*, September 2023, 28–29.

²⁵³ 19 U.S.C. § 2703. The CBTPA also provides that imports from beneficiaries receive equivalent treatment to goods under USMCA. 19 U.S.C. § 2703(b)(3)(A).

access for 5,674 qualifying HTS 8-digit tariff lines and an additional 259 tariff lines under the CBTPA.²⁵⁴ Although the 1983 CBERA trade preferences have no expiration date, the preferential tariff benefits granted under the CBTPA are set to expire on September 30, 2030.²⁵⁵

Imports from 17 countries and territories were eligible for CBERA preferences during 2023 (CBERA beneficiaries), 8 of which were also eligible for CBTPA preferences.²⁵⁶ More countries are potentially eligible for designation but have not been designated CBERA beneficiaries.²⁵⁷

In October 2023, the Caribbean Community (CARICOM) and the United States held the ninth meeting of the Trade and Investment Council under the CARICOM-United States Trade and Investment Framework Agreement (TIFA) (also see Trade and Investment Framework Agreements section in chapter 4 of this report).²⁵⁸ The delegations emphasized the crucial role of CBERA for the CARICOM-U.S. economic relationship. Both sides agreed to collaboratively look into methods to enhance the utilization of the CBERA programs, aiming to promote regional trade, by exchanging data, methodologies, and analysis related to the utilization of the CBERA programs.²⁵⁹ Additionally, CARICOM expressed continued interest of certain CARICOM member countries in being designated beneficiaries of CBERA trade preferences.²⁶⁰

Haiti Initiative

Since 2006, three amendments to CBERA expanded the duty-free benefits available to Haiti.²⁶¹ For apparel, these benefits give Haitian producers more flexibility in sourcing yarns and fabrics beyond the preferences available under the CBTPA, which stipulates apparel must be made exclusively from U.S. yarns or fabrics of U.S. yarns.²⁶² The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I Act) and of 2008 (HOPE II Act) (collectively referred to as the HOPE Acts) expanded the rules of origin for apparel by permitting the limited use of materials of any origin.²⁶³

Following a major earthquake in January 2010, the Haitian Economic Lift Program of 2010 (HELP Act) amended CBERA a third time and further enhanced benefits provided in the HOPE Acts.²⁶⁴ The HOPE and

²⁵⁴ USITC, *Caribbean Basin Economic Recovery Act, 26th Report*, September 2023, 33. USITC, *The 2024 Harmonized Tariff Schedule of the United States (HTS) Item Count*, accessed July 25, 2024.

²⁵⁵ 19 U.S.C. § 2701. CBTPA provisions were most recently renewed on October 10, 2020. Extension of the Caribbean Basin Economic Recovery Act, Pub. L. No. 116-164, § 2, 134 Stat. 758 (2020).

²⁵⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 79–80.

²⁵⁷ Additional CBERA countries and territories that are eligible for designation as CBERA beneficiaries—but are not yet designated—are Anguilla, the Cayman Islands, Sint Maarten, Suriname, and the Turks and Caicos Islands. USITC, *Caribbean Basin Economic Recovery Act, 26th Report*, September 2023, 30.

²⁵⁸ USTR, “CARICOM and the United States Hold the Ninth Meeting,” October 16, 2023.

²⁵⁹ USTR, “CARICOM and the United States Hold the Ninth Meeting,” October 16, 2023.

²⁶⁰ USTR, “CARICOM and the United States Hold the Ninth Meeting,” October 16, 2023.

²⁶¹ These amendments to CBERA were made in 2006, 2008, and 2010. USITC, *Caribbean Basin Economic Recovery Act, 26th Report*, September 2023, 39–41.

²⁶² USITC, *U.S.-Haiti Trade: Impact*, December 2022, 49–50.

²⁶³ Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006, Title V of Pub. L. No. 109-432, §§ 5001–06, 120 Stat. 3181–90. Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008, Pub. L. No. 110-246, §§ 15401–12, 122 Stat. 2289–2309 (codified at 19 U.S.C. § 2703a). For description of provisions, see USITC, *U.S.-Haiti Trade: Impact*, December 2022, 49–54.

²⁶⁴ HELP Act of 2010, Pub. L. No. 111-171, § 2, 124 Stat. 1194 (2010). For description see USITC, *Caribbean Basin Economic Recovery Act, 26th Report*, September 2023, 41.

HELP Acts expanded preferential treatment of imports of certain apparel and textile items, at the same time implementing eligibility requirements for Haiti. HOPE II requires that Haiti establish, in cooperation with the International Labour Organization (ILO), a labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program.²⁶⁵ Under HOPE II, producers must participate in the TAICNAR program, which assesses their compliance with international core labor standards.²⁶⁶ The Better Work Haiti program (BWH), a collaboration between the ILO and the International Finance Corporation (IFC), reports on noncompliance findings and remediation efforts on a biannual basis as part of the TAICNAR program.²⁶⁷ The HOPE and HELP Acts preferences expire on September 30, 2025.²⁶⁸

Following the assassination of Haitian President Jovenel Moïse in July 2021, the interim government of Haiti faced challenges due to civil unrest, political instability, and security issues driven by gang activity.²⁶⁹ These actions disrupted factory operations and government agencies, including those overseeing the apparel sector, and led to significant job losses in the apparel sector during 2023.²⁷⁰ During the second half of 2022 and the first half of 2023, the interim government of Haiti continued to engage with the ILO and the U.S. government on the TAICNAR program.²⁷¹ However, according to ILO reports, in the first few months of 2023, Haiti's apparel sector lost 9,000 jobs as a result of factory closures and reduced international orders.²⁷²

In 2023, assessments and advisory services were provided under the BWH to address inconsistencies in Haiti's national legal framework as well as improve compliance and working conditions in the country's apparel sector. During 2023, the ILO conducted 35 assessments under the BWH at the participating factories. To address inconsistencies in the national legal framework pertaining to social benefits programs, the ILO and stakeholders in the sector have pressed the government of Haiti for clarification of applicable laws. In May 2023, the ILO reported that the prime minister of Haiti, Ariel Henry, was considering issuing a decree that would serve to clarify the application of these laws and potentially

²⁶⁵ 19 U.S.C. § 2703a(e)(1) and (3).

²⁶⁶ The U.S. government has worked to ensure full implementation of the TAICNAR program in accordance with the provisions of HOPE II. U.S. Department of Labor (USDOL) staff met with stakeholders, including representatives of the government of Haiti, Better Work Haiti (BWH) program staff, trade union representatives, and factory management during a February 2023 visit to the CODEVI Industrial Park in Ouanaminthe, Haiti. USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 5, 8.

²⁶⁷ USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 5. ILO and IFC, "Better Work Haiti," accessed May 14, 2024.

²⁶⁸ 19 U.S.C. § 2703a(h). The original HOPE I benefits were granted for three years, and the trade benefits have been subsequently extended by HOPE II (to 2018), by HELP (to 2020), and by section 301 of the Trade Preferences Extension Act of 2015 (to 2025).

²⁶⁹ USITC, *U.S.-Haiti Trade: Impact*, December 2022, 22. USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 2–3.

²⁷⁰ The Office of the Labor Ombudsperson (Bureau de la Médiatrice Spéciale du Travail, BMST) in Haiti, one of the key institutions representing the government of Haiti in its efforts to effectively implement the requirements of HOPE II, has produced reports covering July–December 2022, but has not yet published reports for 2023. USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 2–3.

²⁷¹ USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 2–3.

²⁷² USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 3.

improve the low rates of compliance.²⁷³ During 2023, the BWH provided advisory services addressing instances of noncompliance on 148 occasions to participating apparel factories, covering a wide range of topics aimed at improving working conditions.²⁷⁴ The USDOL has also continued to consider the reports of the BWH and has conducted remote meetings to follow up on these cases with the ILO and involved parties.²⁷⁵

²⁷³ Prime Minister Henry resigned in April 2024 and did not issue the decree. USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 5. Mérancourt and Coletta, “Haiti Prime Minister Ariel Henry Resigns, to Be Replaced by Boisvert - The Washington Post,” April 25, 2024.

²⁷⁴ USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 6.

²⁷⁵ USTR, *2023 USTR Annual Report on the Implementation of the TAICNAR Program*, accessed May 14, 2024, 8.

Chapter 3

The World Trade Organization

This chapter provides an overview of major developments at the World Trade Organization (WTO) during 2023, particularly those that affect the United States. The overview includes summaries of activities at the General Council, meetings of more than 20 standing WTO committees, select WTO negotiations, and certain discussions leading up to the 13th Ministerial Conference in late February 2024. It also reviews developments relating to WTO dispute settlement activity—in which the United States was either the complaining or responding party—and continued U.S. concerns about the operation of the WTO Dispute Settlement Mechanism.

Background

The WTO was established by 124 governments through the Marrakesh Agreement in April 1994, which replaced an earlier world trade framework under the General Agreement on Tariffs and Trade (GATT).²⁷⁶ The main functions of the WTO include (1) facilitating the implementation, administration, and operations of the Marrakesh Agreement, the Multilateral Trade Agreements, and the Plurilateral Trade Agreements; (2) providing the forum for negotiations among its members concerning their multilateral trade relations; and (3) administering the Understanding on Rules and Procedures Governing the Settlement of Disputes.²⁷⁷ As of December 31, 2023, the WTO had 164 member and 25 observer countries, representing 98 percent of world trade, with 24 accessions in progress.²⁷⁸ The WTO oversees 16 multilateral agreements (to which all WTO members are parties)²⁷⁹ and 2 plurilateral agreements (to which only some WTO members are parties).²⁸⁰

Under the Marrakesh Agreement, the Ministerial Conference (MC) is the WTO's highest decision-making body. It is composed of representatives of all the members and carries out the functions of the WTO. The MC usually convenes every two years and has the authority to make decisions on all matters under any multilateral trade agreement.²⁸¹ Reporting to the MC is the General Council, which comprises representatives of all WTO member states. The General Council meets several times a year in its headquarters in Geneva, Switzerland. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body (DSB).²⁸² The Council for Trade in Goods, the Council for Trade in Services, the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the Trade

²⁷⁶ Marrakesh Agreement (April 15, 1994); WTO, "What Is the World Trade Organization?," accessed April 3, 2024.

²⁷⁷ Marrakesh Agreement, art. III (April 15, 1994).

²⁷⁸ WTO, "Members and Observers," accessed March 4, 2024; WTO, "Fact File," accessed April 2, 2024; WTO, "Accessions," accessed April 2, 2024.

²⁷⁹ The WTO agreements fall into a simple structure with six main parts: an umbrella agreement (the Agreement establishing the WTO); agreements for each of the three broad areas of trade that the WTO covers (goods, services, and intellectual property); dispute settlement; and reviews of governments' trade policies. WTO, "Overview," accessed April 2, 2024; WTO, "A Navigational Guide," accessed April 2, 2024.

²⁸⁰ Two plurilateral agreements are the Agreement on Trade in Civil Aircraft and the Agreement on Government Procurement. WTO, "Plurilaterals: Of Minority Interest," accessed April 3, 2024.

²⁸¹ WTO, "Ministerial Conferences," accessed April 2, 2024; Marrakesh Agreement, art. IV (April 15, 1994).

²⁸² WTO, "General Council," accessed April 2, 2024; Marrakesh Agreement (April 15, 1994).

Negotiations Committee operate under the general guidance of and report to the General Council.²⁸³ Each of the higher-level councils has subsidiary bodies, such as specialized committees, working groups, and working parties. They handle individual agreements and other trade areas, such as environment, development, and gender.²⁸⁴

The WTO Secretariat, led by the WTO Director-General, provides “technical and professional support to the WTO’s councils and committees.” It also provides technical assistance for developing countries, monitors developments in world trade, conducts economic research, disseminates information on WTO activities, and organizes MCs. In addition, it provides legal assistance in the WTO’s dispute settlement process and offers advice to governments wishing to join the WTO. The Secretariat, however, has no decision-making powers.²⁸⁵ The current WTO Director-General is Ngozi Okonjo-Iweala of Nigeria, who took office as the seventh WTO Director-General on March 1, 2021. Her term will expire on August 31, 2025.²⁸⁶

The U.S. Trade Representative (Trade Representative) is the chief representative of the United States with lead responsibility for U.S. conduct in the WTO, including all negotiations under the auspices of the WTO in which the United States participates. The Trade Representative also issues and coordinates policy guidance to other U.S. departments and agencies on any matter considered in the WTO.²⁸⁷ The U.S. International Trade Commission (Commission) and the U.S. Department of Commerce administer, in part, U.S. statutes implementing several WTO agreements, including the Agreement on Implementation of Article VI of the Agreement on Tariffs and Trade 1994 (antidumping),²⁸⁸ the Agreement on Subsidies and Countervailing Measures,²⁸⁹ and the Agreement on Safeguards,²⁹⁰ though other agencies are involved as well.

WTO Developments in 2023

This section presents selected activities in the General Council and its subsidiary bodies during 2023, highlighting those which involved the United States.

General Council

During 2023, the WTO General Council conducted several formal and informal meetings. A significant focus of the meetings was on the preparation for the 13th Ministerial Conference, which was held in February–March 2024.²⁹¹ Throughout the year, General Council meetings also focused on ongoing

²⁸³ WTO, “Organization Chart,” accessed April 2, 2024; Marrakesh Agreement, art. IV (April 15, 1994).

²⁸⁴ WTO, “Whose WTO Is It Anyway?,” accessed April 2, 2024.

²⁸⁵ WTO, “Overview of the WTO Secretariat,” accessed April 3, 2024; Marrakesh Agreement, art. VI (April 15, 1994).

²⁸⁶ WTO, “WTO Director-General,” accessed April 2, 2024.

²⁸⁷ 19 U.S.C. 2171(c)(1).

²⁸⁸ Antidumping Agreement (April 15, 1994).

²⁸⁹ Agreement on Subsidies and Countervailing Measures (April 15, 1994).

²⁹⁰ Agreement on Safeguards (January 1, 1995).

²⁹¹ WTO, “13th WTO Ministerial Conference,” accessed May 19, 2024; WTO, “General Council News Archives,” 2023.

negotiations, such as those relating to fisheries subsidies, agriculture and food security, and the extension of the TRIPS waiver to COVID-19 diagnostics and therapeutics.²⁹²

Throughout 2023, the United States actively participated in WTO meetings, consultations, and negotiations. For instance, at the Council of Trade in Goods and its subsidiary bodies, the United States discussed various issues such as overcapacity caused by government subsidies and U.S. exporters' difficulties with some members' application of pre-shipment inspection procedures for conformity assessment.²⁹³ At the Council of Trade in Services, the United States, together with some other members, raised concerns over the cybersecurity measures of China and Vietnam.²⁹⁴ For more information on U.S. activities at the General Council and its subsidiary bodies, see the Office of the U.S. Trade Representative's (USTR's) annual report.²⁹⁵

Select Ongoing Negotiations

Fisheries Subsidies

WTO members launched negotiations on fisheries subsidies in 2001 at the Doha MC.²⁹⁶ At the 12th Ministerial Conference (MC12) on June 17, 2022, ministers adopted the Agreement on Fisheries Subsidies (Fisheries Agreement), in which they committed to “eliminate the most harmful fisheries subsidies that are fueling depletion of fish stocks and depriving fishing communities of their livelihoods.”²⁹⁷ The Agreement prohibits subsidies to vessels or operators engaged in illegal, unreported, and unregulated fishing. It also bans subsidies for fishing overfished stocks or fishing on the unregulated high seas. In addition, the Agreement contains provisions on transparency of fisheries subsidies.²⁹⁸

This is the first WTO agreement with a primarily environmental objective, and it is the second multilateral agreement reached at the WTO since the Trade Facilitation Agreement in 2013.²⁹⁹ For the Agreement on Fisheries Subsidies to enter into force, at least two-thirds of WTO members (about 110 members) must formally accept it. On April 12, 2023, the United States became one of the first members to formally accept the Agreement.³⁰⁰ By the end of 2023, 55 WTO members, had formally accepted the Agreement.³⁰¹

²⁹² WTO, “General Council News Archives,” 2023; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 235.

²⁹³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 236–42.

²⁹⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 242–43.

²⁹⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 235–43.

²⁹⁶ For the background information of fisheries subsidies negotiations at the WTO, see USITC, *The Year in Trade 2020*, September 2021, 97–98; USITC, *The Year in Trade 2021*, August 2022, 113–14; USITC, *The Year in Trade 2022*, December 2023, 107.

²⁹⁷ WTO, *Annual Report 2023*, 2023, 11; Agreement on Fisheries Subsidies (June 17, 2022).

²⁹⁸ WTO, *Annual Report 2023*, 2023, 55–58; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 19.

²⁹⁹ WTO, *Annual Report 2023*, 2023, 55–58.

³⁰⁰ USTR, “U.S. Formally Accepts WTO Agreement on Fisheries Subsidies,” April 12, 2023.

³⁰¹ WTO, “Members Submitting Acceptance of Agreement on Fisheries Subsidies,” accessed April 3, 2024; WTO, “The Gambia, UK Formally Accept Agreement on Fisheries Subsidies,” December 13, 2023. The 55 WTO members include 27 member states of the EU. As of April 3, 2024, 72 WTO members had officially accepted the Agreement on Fisheries Subsidies.

At MC12, ministers directed the Negotiating Group on Rules to conduct “a second wave” of negotiations, with a goal of making recommendations on additional provisions at 13th Ministerial Conference.³⁰² USTR noted that the United States exercised leadership at the WTO to advance the negotiations, encouraging other members to accept the Agreement. It also supported additional provisions, such as those that curb subsidies contributing to overcapacity and overfishing, and those that enhance transparency regarding the use of forced labor on fishing vessels. At the end of 2023, the second round of negotiations on fisheries subsidies was still ongoing.³⁰³

Extension of TRIPS Waiver to Therapeutics and Diagnostics

In 2020–21, a group of WTO members, led by South Africa and India, submitted a proposal calling for a waiver for all WTO members of certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in relation to the “prevention, containment or treatment” of COVID-19.³⁰⁴ At MC12, WTO members adopted a Ministerial Decision, which provides further flexibilities to eligible members with respect to vaccines within the next five years.³⁰⁵ WTO members also discussed whether to extend the TRIPS decision to cover the production and supply of COVID-19 therapeutics and diagnostics but postponed the decision.³⁰⁶ Since MC12, WTO members have continued the negotiations on the TRIPS extension to therapeutics and diagnostics. Despite these efforts, they did not reach consensus by the end of 2023.³⁰⁷

Following MC12, USTR officials held multiple consultations on this issue with Congress, government experts, stakeholders, multilateral institutions, and WTO members.³⁰⁸ Subsequently, USTR released a document that summarizes the diverse views from the consultations.³⁰⁹ On December 16, 2022, USTR requested that the Commission institute an investigation on COVID-19 Diagnostics and Therapeutics.³¹⁰ The report, published on October 17, 2023, provides information on COVID-19 diagnostics and therapeutics, including information on supply and demand, availability and pricing, and the role of intellectual property protections.³¹¹ On October 19, 2023, the Commission briefed WTO members on the report. WTO members noted that the report informs discussions regarding the TRIPS waiver extension to therapeutics and diagnostics.³¹²

³⁰² WTO, *Annual Report 2023*, 2023, 56.

³⁰³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 201–2.

³⁰⁴ For the background information of TRIPS waiver negotiations, see the USITC, *The Year in Trade 2020*, September 2021, 99; USITC, *The Year in Trade 2021*, August 2022, 115–16; USITC, *The Year in Trade 2022*, December 2023, 107–8.

³⁰⁵ For discussion of the Ministerial Decision, see USITC, *Covid-19 Diagnostics and Therapeutics*, October 2023, 64–65.

³⁰⁶ WTO, *Annual Report 2023*, 2023, 12, 61–62; WTO, “Ministerial Decision on the TRIPS Agreement,” June 22, 2022.

³⁰⁷ WTO, “Members to Continue Dialogue on Extending TRIPS Decision,” October 31, 2023.

³⁰⁸ USTR, “U.S. to Support Extension of Deadline on WTO TRIPS Ministerial Decision,” December 6, 2022.

³⁰⁹ USTR, “Summary of Consultations,” accessed May 19, 2024.

³¹⁰ 88 Fed. Reg. 7757 (February 6, 2023).

³¹¹ USITC, *COVID-19 Diagnostics and Therapeutics*, October 2023.

³¹² WTO, “Members Briefed on US Report on COVID Diagnostics and Therapeutics,” October 19, 2023; USITC, *COVID-19 Diagnostics and Therapeutics*, October 2023.

Agriculture and Food Security

Under the newly elected Chair of the Committee on Agriculture, Ambassador Alparslan Acarsoy of Türkiye, the WTO's agriculture negotiations during 2023 covered various topics, including domestic support, market access, export competition, export restrictions, cotton, a proposed new special safeguard mechanism, and public stockholding for food security purposes.³¹³ Among the focus areas in 2023 was food security, especially in view of challenges such as “the war in Ukraine, the Pandemic’s legacy, and high food price inflation.”³¹⁴

At MC12, ministers committed to improve the functioning of the global market for food and agriculture. They also agreed to exempt food purchased by the United Nations World Food Programme for humanitarian purposes from export restrictions.³¹⁵ In November 2022, a work program on food security for least-developed countries and net food importing developing countries (NFIDCs) was established.³¹⁶ During 2023, WTO members discussed the importance of trade in responding to food security crises, the specific challenges that least-developed countries and NFIDCs face (e.g., difficulties in financing of food imports), the policy measures influencing food security (e.g., farm support), and other related issues.³¹⁷ The United States made three submissions to the WTO related to agriculture and food security negotiations in 2023.³¹⁸ These U.S. submissions highlight the important role of the WTO and the use of trade rules in advancing global food security, as well as promoting sustainable agricultural productivity growth.³¹⁹

Other General Council Bodies and Activities

Trade and Environment

The Committee on Trade and Environment was created to ensure that trade and environmental policies are mutually supportive for sustainable development.³²⁰ The committee discusses various issues, including environmental measures’ effects on market access, intellectual property rights related to the environment, and labeling for environmental purposes.³²¹ During 2023, the Committee on Trade and Environment held three regular meetings.³²²

In 2020, 50 WTO members launched the Trade and Environmental Sustainability Structured Discussions (TESSD) to intensify work on trade and environmental sustainability.³²³ As of May 2024, 77 WTO

³¹³ WTO, “Which Agriculture Topics Are WTO Members Negotiating?,” accessed April 18, 2024.

³¹⁴ WTO, “Farm Talks Restart with Positive Momentum,” February 27, 2023.

³¹⁵ USITC, *The Year in Trade 2022*, December 2023, 108; WTO, “Agriculture - Food Security,” accessed April 18, 2024.

³¹⁶ WTO, “Work Programme on Food Security for LDCs and NFIDCs,” accessed July 22, 2024.

³¹⁷ WTO, “Food Security News Archives,” 2023.

³¹⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 234.

³¹⁹ WTO, “The WTO’s Role in Enhancing Food Security,” March 27, 2023; WTO, “The WTO’s Role in Supporting Innovation and Sustainable Growth in Agricultural Productivity,” November 9, 2023.

³²⁰ WTO, *Short Answers to Big Questions on the WTO and the Environment*, October 16, 2020, 14.

³²¹ USTR, “Trade and Environment,” accessed April 10, 2024.

³²² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 244.

³²³ WTO, “Trade and Environmental Sustainability,” accessed May 19, 2024. The TESSD is intended to complement the work of the Committee on Trade and Environment and other relevant WTO bodies via four informal working groups—Trade-Related Climate Measures, Environmental Goods and Services, Subsidies, and Circular Economy.

members, including the United States, participated in the TESSD. Since MC12, the TESSD's work has focused on supporting climate change adaptation and mitigation through trade and trade policy.³²⁴ During 2023, the TESSD held five formal meetings.³²⁵

A key priority of the United States in 2023 at the Committee on Trade and Environment and the TESSD was to continue highlighting the role of a circular economy in addressing climate change.³²⁶ For instance, the United States convened an event during the 2023 WTO Trade and Environment Week to discuss how remanufacturing can contribute to climate change solutions, such as reducing demand for raw materials, producing fewer greenhouse gases, and supporting sustainable growth, among others.³²⁷

Trade and Development

The Committee on Trade and Development was created with a special focus on trade issues related to developing country members. Among these issues are developing country members' integration into the international trading system, technical cooperation and training, market access in products of interest to developing countries, and the special and differential treatment of least-developed countries and small economies.³²⁸

In 2023, the Committee on Trade and Development held three formal meetings and two special workshops. The United States participated in and made presentations at these events. It highlighted the roles of innovation and digital technology in overcoming development challenges, such as how innovation and digitalization could promote economic empowerment, agricultural productivity, and more service-oriented economies in sub-Saharan Africa. The United States also discussed the work led by the U.S. Agency for International Development that promotes an attractive trade and investment climate in developing countries such as El Salvador, Honduras, Guatemala, and Vietnam.³²⁹

During a Special Session on October 4, 2023, the United States presented its experiences and observations in the field of technical barriers to trade (TBT). In particular, the United States shared the examples of using the worldwide network of National TBT Enquiry Points to improve transparency and communication between stakeholders. Subsequently, the United States circulated a paper that summarizes the U.S. presentation and further discusses the opportunities for and challenges of using digital tools to facilitate worldwide collaboration on TBT measures.³³⁰

³²⁴ WTO, "Brief on TESSD and Its Package for MC13," accessed May 20, 2024.

³²⁵ WTO, "Trade and Environmental Sustainability," accessed May 19, 2024.

³²⁶ WTO, "TESSD Statement Addendum," February 19, 2024. A circular economy is an economic system that aims to minimize waste generation and maximize the reuse of materials through activities such as reducing, reusing, repairing, remanufacturing and refurbishment, and recycling, etc. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 244; WTO, "WTO Trade and Environment Week 2023," accessed July 22, 2024.

³²⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 244; WTO, "WTO Trade and Environment Week 2023," accessed July 22, 2024.

³²⁸ USTR, "Trade and Environment," accessed April 10, 2024; WTO, "Committee on Trade and Development," accessed April 10, 2024.

³²⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 244–45.

³³⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 245; WTO, "Highlights of Activities on Better Integration of Developing Countries," November 2, 2023.

Trade and Gender

At the 11th Ministerial Conference in December 2017, 118 WTO members and observers adopted the Buenos Aires Declaration on Trade and Women’s Economic Empowerment (the Joint Declaration), seeking to promote women’s economic empowerment through their participation in trade.³³¹ Since then, trade and gender has become an important issue for many WTO members.³³² Evidence shows notable gender gaps in world trade—the share of majority-female-owned traders (including exporters and importers) is much smaller than that of male-owned traders.³³³ Women face higher obstacles to participate in trade than men. Factors that contribute to women’s disadvantages in trade include legal restrictions on economic participation, discrimination in trade finance, knowledge gaps in trade and trade rules, and the gender digital divide.³³⁴ In December 2021, the United States announced the intention to join the Joint Declaration but had not done so as of year-end 2023.³³⁵

In 2020, as a follow-up to the Joint Declaration, the Informal Working Group on Trade and Gender was established to intensify efforts to increase women’s participation in global trade and promote gender-responsive trade policies. In 2023, the working group held five regular meetings.³³⁶ The United States continued to participate in these meetings to “deepen the understanding of structural and cultural barriers to women’s participation in trade in order to craft trade policies that promote women’s economic empowerment.”³³⁷

Dispute Settlement Body

This section provides an overview of the WTO Dispute Settlement Body (DSB), the dispute settlement process, and information about proceedings in 2023, particularly those in which the United States was a complaining or responding party. Consistent with prior reports in this series—this section provides (1) a tally of new requests for consultations filed by WTO members in 2023 under the WTO Dispute Settlement Understanding (DSU), (2) a table that lists the new dispute settlements initiated in 2023 in which the United States was the named respondent (the United States did not initiate any new disputes against other WTO members during 2023), and (3) short summaries of panel reports issued during 2023 in disputes that involved the United States. This section also provides brief summaries of disputes involving the United States that were resolved by mutual agreement. No Appellate Body reports were issued during 2023 as a result of the continuing impasse on appointing new Appellate Body members.

³³¹ WTO, “Buenos Aires Declaration on Trade and Women’s Economic Empowerment,” accessed July 22, 2024; WTO, “Joint Declaration on Trade and Women’s Economic Empowerment,” December 2017.

³³² WTO, “Women and Trade,” accessed May 20, 2024.

³³³ WTO and World Bank, *Women and Trade*, July 30, 2020, 55.

³³⁴ WTO, “Women and Trade,” accessed May 20, 2024.

³³⁵ USTR, “USTR Announces Intention to Join the Joint Declaration,” December 21, 2021.

³³⁶ WTO, “Informal Working Group on Trade and Gender,” accessed May 20, 2024. As of May 2024, 130 WTO members, including the United States, and five observers participated in the Informal Working Group on Trade and Gender.

³³⁷ USTR, “USTR Announces Intention to Join the Joint Declaration,” December 21, 2021.

The term of the last sitting Appellate Body member expired on November 30, 2020.³³⁸ As of the end of 2023, 30 appeals were notified to the Appellate Body.³³⁹

This section's summaries of issues and of findings and recommendations in panel reports are based entirely on information in publicly available documents. The summaries should not be regarded as comprehensive or as reflecting a U.S. government or Commission interpretation of the issues raised or addressed in the disputes or in panel reports. A table showing procedural developments in active disputes, including during 2023, and in disputes in which the United States was the complainant or respondent appears in this report's online [interactive dashboard](#).

Finally, in the absence of a functioning Appellate Body, this section focuses largely on developments through the panel stage and includes only limited discussion of matters that arose after the DSB adopted a panel report in the original dispute. When functioning, the Appellate Body can uphold, modify, or reverse the legal findings and conclusions of a panel. The DSB adopts Appellate Body reports unless all DSB members decide not to do so.³⁴⁰ Issues may arise about the reasonableness of the time the losing party seeks for implementing findings and recommendations, the adequacy of actions that party takes to comply with findings and recommendations, and possible compensation and retaliation. Matters may be referred to the original panel or to a new panel for further findings and recommendation on compliance and other matters. When appropriate, the parties may seek the help of an arbitrator to resolve matters.

U.S. Concerns about WTO Dispute Settlement

In February 2020, USTR issued its *Report on the Appellate Body of the World Trade Organization* setting out U.S. concerns about the operation of the WTO dispute settlement, particularly at the Appellate Body level.³⁴¹ The report provided a list of examples where USTR reported that the Appellate Body strayed beyond its assigned role, including when it:

- (1) "consistently breached the mandatory deadline for completion of appeals";
- (2) "unilaterally declared that it has the authority to allow individuals formerly serving on the Appellate Body, whose terms have expired, to continue to participate in and decide appeals";
- (3) "exceeded its limited authority to review legal issues by reviewing panel findings of fact, including factual findings relating to the meaning of WTO Members' domestic law";
- (4) "overstepped its role under the Dispute Settlement Understanding by rendering advisory opinions on issues not necessary to assist the Dispute Settlement Body in resolving a dispute";
- (5) "wrongly claims that its reports are entitled to be treated as binding precedent and must be followed by panels, absent 'cogent reasons'";
- (6) "asserted that it may ignore the text of the Dispute Settlement Understanding explicitly mandating it to recommend a WTO Member to bring a WTO-inconsistent measure into compliance with WTO rules"; and

³³⁸ WTO, "Dispute Settlement - Appellate Body," accessed May 8, 2024.

³³⁹ WTO, "Dispute Settlement - Appellate Body," accessed May 8, 2024 (note 1).

³⁴⁰ WTO, "Dispute Settlement - Appellate Body," accessed May 8, 2024.

³⁴¹ USTR, *Report on the Appellate Body of the World Trade Organization*, February 2020.

- (7) “overstepped its authority and opined on matters within the authority of other WTO bodies, including the Ministerial Conference, the General Council, and the Dispute Settlement Body.”³⁴²

In July 2023, USTR circulated to WTO members a document titled “U.S. Objectives for a Reformed Dispute Settlement System.”³⁴³ In its *2023 Annual Report* USTR stated that the United States, in that document, “recognizes the value in continuing the interest-based discussions on dispute settlement reform and the importance for all [WTO] Members to maintain an open mind to different ways of achieving the interests identified by Members.” In the document, the United States identified “certain U.S. objectives for a reform[ed] dispute settlement system” and said that the United States “remains committed to working towards a fundamentally reformed and improved system.”³⁴⁴

In its *2023 Annual Report*, USTR noted that the United States and other WTO members had raised “repeated concerns about appellate reports going far beyond the text setting out WTO rules in areas as varied as subsidies, antidumping and countervailing duties, regulatory measures and standards under the GATT 1994 and Agreement on Technical Barriers to Trade, and safeguards.” It said that “as a result, the United States was not prepared to agree to launch the process to fill vacancies on the WTO Appellate Body.”³⁴⁵

In the lead-up to the WTO’s 13th Ministerial Conference (MC13), held in Abu Dhabi in late February 2024, the U.S. delegation to the WTO participated in numerous meetings on dispute settlement reform with WTO members in various configurations in an effort to advance progress on achieving fundamental reform at the WTO.³⁴⁶

Dispute Activities During 2023

During 2023, WTO members filed six new requests for dispute settlement consultations, two fewer than in 2022 and the second lowest in the 28 years that the DSB has been in operation.³⁴⁷ One of the new disputes filed during 2023 was filed against the United States, by Argentina, with respect to U.S. antidumping duties on oil country tubular goods (OCTG) from Argentina. Three new requests were filed by Slovakia, Hungary, and Poland, concerning imports of agricultural products from Ukraine. The remaining two requests were filed by Indonesia, with respect to actions taken by the European Union (countervailing duties on imports of biodiesel from Indonesia and countervailing and antidumping duties

³⁴² USTR, *Report on the Appellate Body of the World Trade Organization*, February 2020, 1, 4–8.

³⁴³ WTO, “U.S. Objectives for a Reformed Dispute Settlement System,” July 5, 2023.

³⁴⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 249.

³⁴⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 250.

³⁴⁶ In a statement released after the conclusion of MC13, U.S. Trade Representative Katherine Tai said that a “significant amount of work” had been done on dispute settlement, but that “additional efforts are needed to finish the work we set out to do at MC12.” For more information, see USTR, “Summary of U.S. Mission and Ambassador María L. Pagán’s Engagement at the WTO,” December 8, 2023; USTR, “Summary of U.S. Mission and Ambassador María L. Pagán’s Engagement at the WTO,” January 26, 2024; USTR, “Summary of U.S. Mission and Ambassador María L. Pagán’s Engagement at the WTO,” February 2, 2024; WTO, “Members Told ‘Finish Line Within Reach,’” December 18, 2023; USTR, “Statement from Ambassador Katherine Tai on the Thirteenth Ministerial,” March 3, 2024.

³⁴⁷ WTO, “WTO Dispute Settlement Gateway,” accessed April 22, 2024.

on stainless steel cold-rolled flat products from Indonesia).³⁴⁸ The United States did not file any new requests for dispute settlement consultations during 2023.

The rest of this section covers 2023 developments in disputes involving the United States, including new requests for consultations, disputes in which panel reports were issued or adopted, and disputes that were resolved through mutual agreement.

Detailed timelines of all active disputes involving the United States are available in this report’s online [interactive dashboard](#).

New Requests for Consultations Filed in 2023 that Involve the United States

One new request for consultations with the United States was filed by Argentina, on May 17, 2023 (table 3.1). Argentina requested consultations with respect to:

(i) the definitive anti-dumping measure imposed on oil country tubular goods (OCTG) from Argentina, and (ii) certain provisions of the United States’ legislation regarding cross-cumulation of imports in assessing injury caused by imports in antidumping and countervailing duty investigations.

Argentina claimed that the definitive anti-dumping measure on OCTG from Argentina appears to be inconsistent with: Articles 1, 3.1, 3.2, 3.3, 3.4, 3.5, 5.1, 5.3, 5.4, 6.6, and 18.1 of the Antidumping Agreement; and Article VI of the GATT 1994. Argentina also claimed that the United States’ legislation regarding cumulation for determining material injury appears to be inconsistent “as such” with Articles 3.1, 3.2, 3.3, 3.4, and 3.5 of the Anti-Dumping Agreement.³⁴⁹

Table 3.1 New requests for WTO consultations filed during 2023 that name the United States

Case number	Complainant	Respondent	Case name	Request filed
DS617	Argentina	United States	United States—Antidumping Measure on Oil-Country Tubular Goods from Argentina	May 17, 2023

Source: WTO, “DS617,” accessed May 9, 2024; WTO, “Chronological List of Disputes Cases,” accessed May 1, 2024.

Panel Reports Issued or Adopted During 2023 that Involve the United States

During 2023, WTO dispute settlement panels issued reports in two disputes in which the United States was the named complainant. In addition, the DSB adopted one dispute settlement panel report during 2023 that had been issued during 2022 in which the United States was the named respondent (table 3.2).

³⁴⁸ WTO, “Chronological List of Disputes Cases,” accessed April 22, 2024.

³⁴⁹ WTO, “DS617,” accessed May 9, 2024.

Table 3.2 WTO dispute settlement panel reports circulated or adopted in 2023 in which the United States was a party

Case number	Complainant	Respondent	Case name	Development
DS558	United States	China	China—Additional Duties on Certain Products from the United States	Panel report was circulated on August 16, 2023.
DS561	United States	Türkiye	Türkiye—Additional Duties on Certain Products from the United States	Panel report was circulated on December 19, 2023
DS546	South Korea	United States	United States—Safeguard Measure on Imports of Large Residential Washers	Panel report adopted by the DSB on April 28, 2023.

Source: WTO, “DS558,” accessed May 1, 2024; WTO, “DS561,” accessed May 1, 2024; WTO, “DS546,” accessed April 26, 2024; WTO, “Chronological List of Disputes Cases,” accessed May 1, 2024.

DS558, China – Additional Duties on Certain Products from the United States

The United States requested consultations with China on July 16, 2018, concerning China’s imposition of additional duties with respect to certain products originating in the United States. The United States claimed that the measures appeared to be inconsistent with Articles I:1, II:1(a), and II:1(b) of GATT 1994.³⁵⁰

On October 18, 2018, the United States requested the establishment of a panel. The DSB deferred the establishment of a panel at its meeting on October 29, 2018, and then established a panel at its meeting on November 21, 2018. On January 7, 2019, the United States requested that the Director-General compose the panel, and on January 25, 2019, the Director-General composed the panel.³⁵¹ After various postponements due to the complexity of the dispute and the COVID-19 pandemic, on August 16, 2023, the panel report was circulated to members.³⁵²

Summary of the WTO Panel Report

The panel first considered China’s objection that the U.S. request for the establishment of a panel failed to comply with Article 6.2 of the DSU, which sets out certain requirements with respect to the establishment of a panel. China asserted that the United States had only claimed inconsistency with Articles I and II of GATT 1994 in its panel request and that the United States had failed to raise a claim under Article XIX of GATT 1994 and the Agreement on Safeguards, which China viewed as “the provisions pursuant to which the measure at issue was adopted, and that the United States therefore had not provided a brief summary of the legal basis of its complaint sufficient to present the problem clearly.”³⁵³

The panel “noted that Article 6.2 of the DSU entrusts each complainant with the discretion to decide which of the covered agreements to bring claims under, and does not additionally require that the ‘brief summary of the legal basis’ of the complaint presented in the panel request be full or correct.”³⁵⁴ The panel further explained “that while a failure to identify the full or correct legal basis of the claim in the

³⁵⁰ WTO, “DS558,” accessed May 1, 2024.

³⁵¹ WTO, “DS558,” accessed May 1, 2024.

³⁵² WTO, “DS558,” accessed May 1, 2024.

³⁵³ WTO, “DS558,” accessed May 1, 2024.

³⁵⁴ WTO, “DS558,” accessed May 1, 2024.

panel request may have consequences at the merits stage of the proceedings, it does not, in itself, render the panel request defective in terms of Article 6.2 of the DSU.”³⁵⁵ Accordingly, the panel rejected China’s objection.

The panel then considered China’s argument:

That the additional duties measure was subject to Article 8.2 of the Agreement on Safeguards [(right to suspend equivalent measures)] and Article XIX:3(a) of the GATT 1994, and that the application of Articles I and II of the GATT 1994 to that measure was therefore suspended. The Panel considered that whether Article 8.2 of the Agreement on Safeguards and Article XIX:3(a) of the GATT 1994 apply to China’s additional duties measure depended on the characterization under the Agreement on Safeguards of the underlying measure adopted by the United States, in response to which China had adopted the additional duties measure.³⁵⁶

The panel concluded, with respect to the relevant measures of the United States:

That those measures were sought, taken, or maintained pursuant to a provision of the GATT 1994 other than Article XIX, namely Article XXI of the GATT 1994. The Panel accordingly found that the Agreement on Safeguards did not apply to those measures, as provided in Article 11.1(c) of that Agreement. Consequently, the Panel also found that Article 8.2 of the Agreement on Safeguards and Article XIX:3(a) of the GATT 1994 did not apply to China’s additional duties measure, as the rights under those two provisions are unavailable in respect of measures to which the Agreement on Safeguards does not apply.³⁵⁷

The panel also found “that China’s additional duties measure was inconsistent with Article I:1 of GATT 1994 because, with respect to customs duties imposed on or in connection with importation, China failed to accord the advantage of lower tariff rates granted to products imported from other countries immediately and unconditionally to products originating in the United States.”³⁵⁸ In addition, the panel found that the additional duties measure “was inconsistent with Articles II:1(a) and II:1(b) of the GATT 1994 because it resulted in the imposition of ordinary customs duties in excess of those provided in China’s Schedule and accorded to imports from the United States treatment less favorable than that provided for in China’s Schedule.”³⁵⁹

Response to the WTO Panel Report

On August 16, 2023, USTR issued a statement that it was “pleased with the World Trade Organization (WTO) panel report released today, recognizing that the U.S. Section 232 actions on steel and aluminum are security measures and that [China] illegally retaliated with sham ‘safeguard’ tariffs.”³⁶⁰

³⁵⁵ WTO, “DS558,” accessed May 1, 2024.

³⁵⁶ WTO, “DS558,” accessed May 1, 2024.

³⁵⁷ WTO, “DS558,” accessed May 1, 2024.

³⁵⁸ WTO, “DS558,” accessed May 1, 2024.

³⁵⁹ WTO, “DS558,” accessed May 1, 2024.

³⁶⁰ USTR, “Statement from USTR Spokesperson Sam Michel on Today’s WTO Panel Ruling,” August 16, 2023.

On September 20, 2023, China notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretations developed by the panel.³⁶¹

DS561, Türkiye – Additional Duties on Certain Products from the United States

In this dispute, the United States requested consultations with Türkiye on July 16, 2018, concerning Türkiye's imposition of additional duties on certain products originating in the United States. The United States claimed that the measures appeared to be inconsistent with Articles I:1, II:1(a) and II:1(b) of the GATT 1994.³⁶²

The United States subsequently requested additional consultations to supplement its consultations request of July 16, 2018, following Türkiye's amendment of its additional duties measure, in which Türkiye increased the rates of duty for 21 of the 22 tariff lines in its additional duties measure. The United States noted that Türkiye had not imposed the increased rates of duty on any other WTO member and that the increase in duties further exceeded duties set out in Türkiye's schedule of concessions beyond those originally imposed.³⁶³

The United States requested establishment of a panel on December 20, 2018. On January 11, 2019, the DSB deferred the establishment of a panel, and at its meeting on January 28, 2019, the DSB established a panel. On February 18, 2019, the United States requested the Director-General to compose the panel, and on February 28, 2019, the Director-General composed the panel. The panel circulated its report on December 19, 2023.³⁶⁴

Summary of the WTO Panel Report

The panel first addressed Türkiye's argument "that the additional duties measure was subject to Article 8.2 of the Agreement on Safeguards and Article XIX:3(a) of the GATT 1994, and that application of Articles I and II of the GATT 1994 was therefore suspended." The panel concluded that with respect to the U.S. measures:

That those measures were sought, taken, or maintained pursuant to a provision of GATT 1994 other than Article XIX, namely Article XXI of GATT 1994. The Panel accordingly found that the Agreement on Safeguards did not apply to those measures, as provided in Article 11.1(c) of that Agreement. Consequently, the Panel also found that Article 8.2 of the Agreement on Safeguards and Article XIX:3(a) of the GATT 1994 did not apply to Türkiye's additional duties measure, as the rights under those two provisions are unavailable in respect of measures to which the Agreement on Safeguards does not apply.³⁶⁵

The panel further found with respect to Türkiye's claims under GATT 1994 that Türkiye's additional duties measure "was inconsistent with Article I:1 of GATT 1994 because, with respect to customs duties imposed on or in connection with importation, Türkiye failed to accord the advantage of lower tariff

³⁶¹ WTO, *China - Additional Duties on Certain Products from the United States*, August 16, 2023; WTO, "DS558," accessed May 1, 2024.

³⁶² WTO, "DS561," accessed May 1, 2024.

³⁶³ WTO, "DS561," accessed May 1, 2024.

³⁶⁴ WTO, "DS561," accessed May 1, 2024.

³⁶⁵ WTO, "DS561," accessed May 1, 2024.

rates granted to products imported from other countries immediately and unconditionally to products originating in the United States.”³⁶⁶ In addition, the panel found “that the additional duties measure was inconsistent with Articles II:1(a) and II:1(b) of GATT 1994 because it resulted in the imposition of ordinary customs duties in excess of those provided in Türkiye’s Schedule and accorded to imports from the United States treatment less favorable than that provided for in Türkiye’s Schedule.”³⁶⁷

Response to the WTO Panel Report

Upon release of the panel report, USTR issued a statement to the effect that it was “pleased” that the panel report had recognized “that the U.S. section 232 actions on steel and aluminum are security measures, and that Türkiye violated WTO rules by adopting retaliatory tariffs disguised as safeguard measures.”³⁶⁸

On January 26, 2024, Türkiye notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretation in the panel report.³⁶⁹

DS546, United States – Safeguard Measure on Imports of Large Residential Washers

On April 28, 2023, the DSB adopted the panel report in DS546, United States – Safeguard Measures on Imports of Large Residential Washers. On that same day the United States and South Korea jointly notified the DSB that the parties had reached a mutually agreed solution in the dispute (see below).³⁷⁰

The panel report in the dispute was circulated by the panel to members on February 8, 2022. In the dispute, South Korea alleged that safeguard measures imposed by the United States on imports of large residential washers appeared to be inconsistent with Articles 1, 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, 5.1, 7.1, 7.4, 8.1, 12.1, 12.2, and 12.3 of the Agreement on Safeguards; and Article I:1, II, X:3 and XIX:1(a) of GATT 1994.³⁷¹ In its report, the panel found certain aspects of the Commission’s serious injury determination were WTO-inconsistent. According to USTR, “the panel also found that the United States acted inconsistently with the WTO Agreement on Safeguards by not providing Korea with sufficient time to allow for the possibility, through consultations, for meaningful consultations between announcement of the final safeguard measure and the date it took effect.”³⁷²

Disputes Resolved by Mutual Agreement During 2023 and Notified by the Parties to the WTO

During 2023, the United States resolved, by mutual agreement, seven outstanding disputes and notified their respective mutually agreed solutions to the WTO (table 3.3). One dispute with South Korea was related to the U.S. safeguard measure on large residential washers. On April 28, 2023, the DSB adopted the panel report in the dispute, described above under “Panel Reports Issued or Adopted.” On the same

³⁶⁶ WTO, “DS561,” accessed May 1, 2024.

³⁶⁷ WTO, “DS561,” accessed May 1, 2024.

³⁶⁸ USTR, “Statement from USTR Spokesperson Sam Michel on WTO Panel Ruling,” December 19, 2023.

³⁶⁹ WTO, “DS561,” accessed May 1, 2024.

³⁷⁰ WTO, “DS546,” accessed April 26, 2024.

³⁷¹ WTO, “DS546,” accessed April 26, 2024.

³⁷² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 147.

day, the United States and South Korea jointly notified the DSB that the parties had reached a mutually agreed solution.³⁷³

The other six disputes—three in which the United States was the complainant and three in which the United States was the respondent—concerned India.³⁷⁴ On June 22, 2023, the U.S. Trade Representative announced the resolution of the disputes after an official state visit by the Indian prime minister, stating that his “visit has underscored the importance of the U.S.-India bilateral relationship and our cooperation on a range of shared priorities. Today’s agreement represents the culmination of intensified bilateral engagement over the last two years, including through the U.S.-India Trade Policy Forum, to deepen our economic and trade ties.”³⁷⁵ At the same time, India agreed to remove retaliatory tariffs on certain U.S. products, including chickpeas, lentils, almonds, walnuts, apples, boric acid, and diagnostic reagents, that it had imposed in response to the U.S. section 232 measures. In addition, India and the United States reached agreement in 2023 to resolve an eighth dispute. In resolving that dispute, India agreed to reduce tariffs on certain agricultural products by March 2024.³⁷⁶

³⁷³ WTO, “DS546,” accessed April 26, 2024.

³⁷⁴ WTO, “Chronological List of Disputes Cases,” accessed April 22, 2024.

³⁷⁵ USTR, “United States Announces Major Resolution on Key Trade Issues with India,” June 22, 2023.

³⁷⁶ India reduced the tariffs by the agreed upon date, and on March 15, 2024, the United States and India notified the WTO of their mutually agreed solution in the dispute DS430, India – Measures Concerning the Importation of Certain Agricultural Products. WTO, “DS430,” accessed April 23, 2024; USTR, “United States Announces Major Resolution on Key Trade Issues with India,” June 22, 2023.

Table 3.3 WTO cases resolved by mutual agreement in 2023 in which the United States was a party

Case number	Complainant	Respondent	Case name	Consultations requested	Development
DS436	India	United States	United States – Countervailing Measures on Certain Hot-Rolled Carbon Steel Flat Products from India	April 24, 2012	mutually agreed solution notified July 13, 2023
DS456	United States	India	India – Certain Measures Relating to Solar Cells and Solar Modules	February 6, 2013	mutually agreed solution notified July 13, 2023
DS510	India	United States	United States – Certain Measures Relating to the Renewable Energy Sector	September 9, 2016	mutually agreed solution notified July 13, 2023
DS541	United States	India	India – Export Related Measures	March 14, 2018	mutually agreed solution notified July 13, 2023
DS546	South Korea	United States	United States – Safeguard Measure on Large Residential Washers	May 14, 2018	mutually agreed solution notified April 26, 2023
DS547	India	United States	United States – Certain Measures on Steel and Aluminum Products	May 18, 2018	mutually agreed solution notified July 13, 2023
DS585	United States	India	India – Additional Duties on Certain Products from the United States	July 3, 2019	mutually agreed solution notified July 13, 2023

Source: WTO, “DS546,” accessed April 26, 2024; WTO, “DS436,” accessed May 1, 2024; WTO, “DS456,” accessed May 1, 2024; WTO, “DS510,” accessed May 1, 2024; WTO, “DS541,” accessed May 1, 2024; WTO, “DS547,” accessed May 1, 2024; WTO, “DS585,” accessed May 1, 2024; WTO, “Chronological List of Disputes Cases,” accessed May 1, 2024.

Chapter 4

Selected Regional and Bilateral Activities

This chapter summarizes trade-related activities during 2023 in two major multilateral organizations: the Organisation for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC) forum. It also covers the activities conducted under U.S. Trade and Investment Framework Agreements (TIFAs) and summarizes multilateral U.S. trade initiatives currently under negotiation.

Organisation for Economic Co-Operation and Development

Background

Established in 1961, the OECD is a multilateral organization aimed at shaping “policies that foster prosperity, equality, opportunity, and well-being for all.”³⁷⁷ The OECD serves as a specialized forum and a repository of knowledge for data and analyses, exchange of experiences and best practices, and advice on public policy and international standard setting.³⁷⁸ The OECD closely collaborates with the Group of Seven (G7) and the Group of Twenty (G20) and uses evidence-based policy analyses and recommendations to advance reforms based on open and transparent market economy principles and multilateral solutions to global challenges.³⁷⁹

At the end of 2023, 38 countries were members of the OECD.³⁸⁰ In 2023, six countries—Argentina, Brazil, Bulgaria, Croatia, Peru, and Romania—were candidates for accession to the OECD and continued to make progress in this process, which began in 2022.³⁸¹ The OECD also works closely with some of the world’s largest economies, including Brazil, China, India, Indonesia, and South Africa, designated as

³⁷⁷ OECD, “About the OECD - OECD,” accessed May 7, 2024; OECD, “OECD 60th Anniversary,” accessed May 7, 2024.

³⁷⁸ OECD, “About the OECD - OECD,” accessed May 7, 2024.

³⁷⁹ OECD, “OECD 60th Anniversary,” accessed May 7, 2024; OECD, “G20 - Organisation for Economic Co-Operation and Development,” accessed May 7, 2024; OECD, “2021 OECD Vision Statement,” October 5, 2021, 2; Government of Canada, “Canada and the G7,” October 19, 2015. The G20 is an international forum composed of 19 countries and the European Union, representing the world’s major developed and emerging economies, with 85 percent of global GDP, 75 percent of international trade and two-thirds of the world’s population. G20 countries include Argentina, Canada, Germany, Italy, Russia, South Korea, United States, Australia, China, India, Japan, Saudi Arabia, Türkiye, the European Union (EU), Brazil, France, Indonesia, Mexico, South Africa, and the United Kingdom (UK). The G7 is an informal grouping of seven of the world’s advanced economies, including Canada, France, Germany, Italy, Japan, the UK, and the United States, as well as the EU.

³⁸⁰ OECD, “OECD Member Countries and Partners,” accessed May 7, 2024.

³⁸¹ OECD, “OECD Ministerial Council Meeting 2023,” June 7, 2023; OECD, “OECD Ministerial Council Statement and Outcomes - OECD,” August 6, 2023.

“OECD Key Partners.” OECD key partners participate in the OECD’s policy discussions and surveys and are included in OECD statistical databases.³⁸²

The OECD’s organizational structure consists of the OECD Council, Committees, and the Secretariat that comprises 12 substantive directorates.³⁸³ The OECD Council is the overarching decision-making body. The OECD Council meets regularly to discuss key work, share concerns, and make decisions by consensus. Every year, the OECD Council conducts the Ministerial Council Meeting to set priorities, discuss the global economic and trade environment, and agree on issues such as the OECD budget or the accession process.³⁸⁴ The OECD Secretariat, led by the Secretary-General, conducts its work in close coordination with the Committees which include more than 300 committees and expert and working groups focused on all areas of policy making.³⁸⁵

The Trade and Agriculture Directorate is the substantive department of the OECD providing policy analysis and advice to governments regarding trade, agriculture, and fisheries policies. The Directorate works with member governments through three principal committees: the OECD Committee for Agriculture, the OECD Committee for Fisheries, and the OECD Trade Committee.³⁸⁶

OECD Developments in 2023

OECD Ministerial Council Meeting

The 2023 OECD Ministerial Council Meeting, chaired by the United Kingdom, with Costa Rica and New Zealand as Vice-Chairs, took place on June 7–8 at the OECD Headquarters in Paris.³⁸⁷ The theme of the 2023 Ministerial Council Meeting was “Securing a Resilient Future: Shared Values and Global Partnerships.”³⁸⁸ Some highlights of the two-day meeting include the launch of the Ukraine Country Programme and the adoption of a new OECD Strategic Framework for the Indo-Pacific. Other topics discussed at the meeting included promotion of gender equality and work on digital trade for development, among others.³⁸⁹

The 2023 OECD Ministerial Council Statement affirmed members’ commitment to the shared values listed in the OECD Vision Statement adopted at the 2021 Ministerial Council Meeting, which include individual liberty, democracy, the rule of law, human rights, gender equality, environmental sustainability and tackling inequalities, and diversity and inclusion.³⁹⁰ The ministers expressed support for the several programs aimed at Ukraine’s recovery and reconstruction. In addition, the ministers “reaffirmed” unity when addressing global challenges, while welcoming progress on the accession of Brazil, Bulgaria,

³⁸² OECD, “OECD Member Countries and Partners,” accessed May 7, 2024.

³⁸³ OECD, “Organisational Structure - OECD,” accessed May 7, 2024.

³⁸⁴ OECD, “Organisational Structure - OECD,” accessed May 7, 2024.

³⁸⁵ OECD, “Organisational Structure - OECD,” accessed May 7, 2024.

³⁸⁶ OECD, “About the Trade and Agriculture Directorate - OECD,” accessed May 7, 2024.

³⁸⁷ OECD, “OECD Ministerial Council Meeting 2023,” June 7, 2023.

³⁸⁸ OECD, “2023 Ministerial Council Statement,” June 8, 2023, 1.

³⁸⁹ OECD, “OECD Ministerial Council Statement and Outcomes - OECD,” August 6, 2023.

³⁹⁰ OECD, “2023 Ministerial Council Statement,” June 8, 2023, 2; OECD, “2021 OECD Vision Statement,” October 5, 2021. The members celebrated the 60th anniversary of the foundation of the OECD. The statement provides the vision for the OECD for the next decade.

Croatia, Peru, and Romania.³⁹¹ Recognizing the region's importance for global growth and building on existing cooperation with the Association of Southeast Asian Nations (ASEAN), the ministers endorsed the "OECD Strategic Framework for the Indo-Pacific." They also welcomed the progress made on the OECD-Africa Partnership.³⁹²

The ministers expressed support for the OECD's role in promoting free and fair trade and investment. They reiterated support for the rules-based international trading system and backed the World Trade Organization (WTO) reform for an accessible dispute settlement system by 2024. The ministers welcomed the adoption of updated OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.³⁹³ Ministers also noted the new standards for responsible business conduct, reforms in international taxation, and the OECD/G20 Inclusive Framework's two-pillar solution (see below).³⁹⁴

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting

The 2023 meeting marked the 10th anniversary of the adoption of the Base Erosion and Profit Shifting (BEPS) Action Plan, designed to address tax avoidance and double non-taxation of multinational enterprise profits.³⁹⁵ BEPS refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax in higher-tax jurisdictions, eroding countries' tax base. The Action Plan seeks to complement previously adopted international tax standards designed to prevent double taxation with standards that address tax avoidance that arises from practices that artificially segregate taxable income from the economic activities that generate it, particularly as globalization and digitalization increasingly influence the nature of economic activity.³⁹⁶ The OECD estimates that BEPS practices cost countries between \$100 billion and \$240 billion in lost tax revenue annually, or equivalent to 4–10 percent of global corporate income tax revenue.³⁹⁷

The OECD/G20 Inclusive Framework on BEPS (Inclusive Framework), established in 2016, provides a forum for countries to collaborate on the implementation of the Action Plan and cooperate on ways to enhance the coherency and transparency of tax rules.³⁹⁸ Both OECD and non-OECD members may participate in the Inclusive Framework.

In 2023, the OECD announced that Kuwait, the Philippines, and Uzbekistan had joined the Inclusive Framework, bringing the total number of its members to 145 OECD and non-OECD countries and

³⁹¹ OECD, "2023 Ministerial Council Statement," June 8, 2023, 2.

³⁹² OECD, "2023 Ministerial Council Statement," June 8, 2023, 2–3; OECD, "Proposed Africa-OECD Partnership," June 8, 2023.

³⁹³ OECD, "2023 Ministerial Council Statement," June 8, 2023, 3.

³⁹⁴ OECD, "2023 Ministerial Council Statement," June 8, 2023, 3.

³⁹⁵ For more background information and discussion of developments before 2023, see USITC, *The Year in Trade 2022*, December 2023, 127–29.

³⁹⁶ OECD, Action Plan on Base Erosion and Profit Shifting, 2013; OECD, "About - OECD BEPS," accessed May 7, 2024.

³⁹⁷ OECD, "Base Erosion and Profit Shifting - OECD BEPS," accessed May 7, 2024.

³⁹⁸ OECD, "OECD/G20 Inclusive Framework on BEPS," accessed May 7, 2024; OECD, "Members of the OECD/G20 Inclusive Framework on BEPS," November 15, 2023, 1–2.

jurisdictions.³⁹⁹ As of 2023, 139 of 145 member jurisdictions within the Inclusive Framework had joined the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy.”⁴⁰⁰ This statement was adopted in 2021 and includes rules to address tax challenges including tax avoidance by multinationals arising from the digitalization of the economy.⁴⁰¹

OECD Standard Setting

The 2021 OECD Vision Statement states that “the OECD strengthens, within its mandate, the rules-based international order by developing standards promoting well-being for all.”⁴⁰² In 2023, a record 30 new or updated legal instruments were added to the OECD standards.⁴⁰³ These standards address the challenges related to digitalization, sustainable and inclusive economic growth, resilience of democratic systems, food security, corporate governance and responsible business conduct, international cooperation in ensuring tax compliance, environmental efforts, market competitiveness, and consumer welfare.⁴⁰⁴

In 2023, the OECD released the updated Guidelines for Multinational Enterprises on Responsible Business Conduct (Guidelines). The Guidelines were initially introduced in 1976 and last reviewed in 2011.⁴⁰⁵ The OECD states that the Guidelines “encourage” the positive role that enterprises can play in economic, environmental, and social progress, while mitigating adverse effects that may arise from an enterprise’s operations, products, and services. They encompass all key areas of business responsibility, including human rights, labor rights, the environment, bribery and corruption, consumer interests, disclosure, science and technology, competition, and taxation.⁴⁰⁶

The 2023 update to the Guidelines addresses “social, environmental, and technological priorities facing societies and businesses.” Guideline revisions included recommendations for enterprises in eight areas: (1) global climate and biodiversity goals, (2) improved technology and data due diligence, (3) impact assessment for the use of products and services, (4) better protection for vulnerable groups, (5) updated responsible business conduct disclosure, (6) enhanced scrutiny of corruption, (7) Guidelines-aligned lobbying, and (8) reinforced support of National Contact Points for Responsible Business Conduct.⁴⁰⁷

The OECD states that this comprehensiveness makes the Guidelines the only government-backed instrument covering “all major sustainability risks.”⁴⁰⁸ Fifty-one governments, including the United

³⁹⁹ OECD, “Uzbekistan Joins the Inclusive Framework on BEPS,” June 9, 2023; OECD, “Kuwait Joins the Inclusive Framework on BEPS,” November 15, 2023; OECD, “The Philippines Joins the Inclusive Framework on BEPS,” November 10, 2023; OECD, “Members of the OECD/G20 Inclusive Framework on BEPS,” November 15, 2023, 1–2.

⁴⁰⁰ OECD, “Statement on a Two-Pillar Solution,” October 8, 2021; OECD, “Members of the Two-Pillar Solution,” June 9, 2023.

⁴⁰¹ USITC, *The Year in Trade 2022*, December 2023, 22, 128-29; OECD, “Two-Pillar Solution FAQs,” July 2022, 1.

⁴⁰² OECD, “2021 OECD Vision Statement,” October 5, 2021, 4. Within the OECD framework, the term “standard” applies to all OECD legal instruments and other sets of policy principles or guidelines.

⁴⁰³ The OECD 2023 standard setting report covers the period from June 2022 to May 2023. OECD, “OECD Legal Instruments,” accessed May 7, 2024; OECD, “2023 Annual Update on OECD Standard-Setting,” 2023, 3–4, 7.

⁴⁰⁴ OECD, “Annual Update on Standard-Setting,” accessed May 7, 2024, 4; OECD, “OECD Legal Instruments,” accessed May 7, 2024.

⁴⁰⁵ OECD, “Guidelines for MNEs,” June 8, 2023.

⁴⁰⁶ OECD, “MNE Guidelines - OECD,” June 8, 2023.

⁴⁰⁷ OECD, “MNE Guidelines - OECD,” June 8, 2023.

⁴⁰⁸ OECD, “MNE Guidelines - OECD,” June 8, 2023.

States, follow the Guidelines, which obligate its adherents to set up National Contact Points for Responsible Business Conduct. The Contact Points have two roles: (1) promoting the Guidelines and related due diligence guidance and (2) handling cases as a nonjudicial grievance mechanism.⁴⁰⁹

OECD Trade and Agriculture Directorate Highlights

According to the OECD Economic Outlook, the economic developments and ongoing geopolitical tensions introduced additional risks concerning potential disruptions in energy markets and major trade routes in 2023.⁴¹⁰ The OECD's Trade and Agriculture Directorate undertook several activities to mitigate these potential risks. The Trade and Agriculture Directorate endorsed the open markets and the rules-based international trading system, which is based on principles of open trade and transparency outlined in the 2021 OECD Vision Statement.⁴¹¹ The OECD and the WTO International Trade Centre strengthened their collaboration through signing a memorandum of understanding aligned with the OECD Guidelines (discussed above).⁴¹² The memorandum of understanding aims to make global supply chains more sustainable by developing data and tools and by expanding their programming to promote responsible business conduct. The memorandum of understanding highlights the importance of building sustainable supply chains founded on active participation of small businesses, women, and indigenous people.⁴¹³

The Trade and Agriculture Directorate's activities also highlighted the importance of digital connectivity in facilitating trade growth and development. According to the OECD, accelerating digital connectivity between countries promotes trade in goods and services by lowering the cost of trade and providing new opportunities to firms of various scale to expand globally.⁴¹⁴ The OECD states that raising regulatory cooperation such as through the WTO Joint Initiative on e-commerce and expanding digital trade provisions in regional trade agreements will make digital trade work for all.⁴¹⁵ In 2023, the Trade and Agriculture Directorate hosted the OECD Global Forum on Trade in support of its objective to "improve understanding of the benefits and costs of further trade liberalization." The 2023 forum focused on digital trade and adopted the theme "Making Digital Trade Work for All."⁴¹⁶ Forum attendees identified domestic regulations in the areas of communications infrastructure, data connectivity, and supporting services such as computer and telecommunications services as barriers restricting digital transformation.⁴¹⁷

In 2023, the Trade and Agriculture Directorate produced a report with the International Monetary Fund, the United Nations, the World Bank Group, and the WTO that examines the opportunities and challenges brought forth by digital trade for developing countries and considers the importance of international cooperation in managing them. The report addresses policy actions in the areas of digital infrastructure,

⁴⁰⁹ OECD, "National Contact Points," accessed May 7, 2024.

⁴¹⁰ OECD, *OECD Economic Outlook, Volume 2023 Issue 2*, November 29, 2023, 12.

⁴¹¹ OECD, "International Trading System," June 7, 2023, 2; OECD, "2021 OECD Vision Statement," October 5, 2021, 4.

⁴¹² OECD, "MNE Guidelines - OECD," June 8, 2023.

⁴¹³ ITC, "ITC OECD Signing MOU," August 25, 2023.

⁴¹⁴ OECD, "Key Issues in Digital Trade," October 2023, 4. "Digital trade can be understood as a modern take on the WTO definition of e-commerce: the 'production, distribution, marketing, sale or delivery of goods and services by electronic means.' However, the term is often used to refer to a combination of issues."

⁴¹⁵ OECD, "Key Issues in Digital Trade," October 2023, 31.

⁴¹⁶ OECD, "OECD Global Forum on Trade - OECD," accessed May 7, 2024.

⁴¹⁷ OECD, "Key Issues in Digital Trade," October 2023, 2.

skills, international support for capacity development, and the regulatory and policy environment, among others.⁴¹⁸

Asia-Pacific Economic Cooperation

Background

The Asia-Pacific Economic Cooperation (APEC) forum is a regional economic and trade forum established in 1989, which comprises 21 member economies and has the primary goal to support regional economic growth and prosperity.⁴¹⁹ In 2023, APEC economies accounted for approximately 38 percent (2.9 billion people) of the global population and 59 percent of global gross domestic product.⁴²⁰ APEC states that it is committed to achieving its goals by promoting dialogue and making decisions on a consensus basis and without requiring its members to enter into legally binding obligations.⁴²¹

The Putrajaya Vision 2040, which APEC adopted in 2020, defines the organization's strategic vision of priorities to deliver a free, open, fair, nondiscriminatory, transparent, and predictable trade and investment environment in the Asia-Pacific.⁴²² The 2020 Aotearoa Plan of Action defines a pathway to achieve the Putrajaya Vision 2040, and the Bangkok Goals on Bio-Circular-Green Economy (Bangkok Goals) set out a framework for future APEC sustainability objectives. According to APEC, the Putrajaya Vision and the two plans set out to achieve an open, dynamic, resilient, and peaceful Asia-Pacific community by 2040 for the prosperity of all people and future generations.⁴²³ APEC aims to achieve the Putrajaya Vision 2040 through three economic drivers: trade and investment; innovation and digitalization; and strong, balanced, secure, sustainable, and inclusive growth.⁴²⁴

APEC is based in Singapore and describes the APEC Secretariat as the core support mechanism for the APEC process, administering the budget for project funding, and overseeing more than 250 APEC-funded projects focused on moving each member economy closer to the Putrajaya Vision 2040.⁴²⁵ APEC's work is carried out by four high-level committees, including the Committee on Trade and Investment (CTI), which are supported by subcommittees, expert groups, working groups, and task forces.⁴²⁶ Every year, 1

⁴¹⁸ IMF, OECD, UNCTAD, World Bank, and WTO, *Digital Trade for Development*, 2023, 4.

⁴¹⁹ APEC, "About APEC," May 7, 2024; APEC, "Mission Statement," May 7, 2024. In 2023, the 21 APEC member economies were Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; South Korea; Taiwan; Thailand; the United States; and Vietnam.

⁴²⁰ IMF, "World Economic Outlook Database (WEO)," accessed March 27, 2024.

⁴²¹ APEC, "How APEC Operates," October 2023.

⁴²² APEC, "APEC Putrajaya Vision 2040," October 2023.

⁴²³ APEC, "Introducing the Aotearoa Plan of Action," November 24, 2021; APEC, "APEC Leaders Issue 2022 Declaration and the Bangkok Goals on the Bio-Circular-Green Economy," November 19, 2022.

⁴²⁴ APEC, "APEC Putrajaya Vision 2040," October 2023.

⁴²⁵ APEC, "APEC Secretariat," accessed May 7, 2024; APEC, "APEC: Overview," March 2022; APEC, "APEC Project Funding Sources," accessed May 7, 2024.

⁴²⁶ APEC, "Working Level," October 2023.

of the 21 APEC member economies hosts APEC meetings and serves as the chair.⁴²⁷ The United States chaired APEC in 2023, and Peru is the host in 2024.⁴²⁸

APEC Developments in 2023

APEC Themes and Priorities

In 2023, APEC adopted the theme “Creating a Resilient and Sustainable Future for All.”⁴²⁹ The United States, as the 2023 APEC host economy, set three policy priorities for the year: interconnection, innovation, and inclusivity. The scope of work focused on supply chain resilience, digital trade, connectivity, opportunities for small and medium-sized enterprises, climate change, and environmental sustainability. The agenda also included food security, health, anti-corruption, digitalization, women’s economic empowerment, and support to historically underserved and underrepresented communities.⁴³⁰ The United States hosted a series of host-year meetings covering some of these topics. These included the Women and the Economy Forum and meetings on disaster management; food security; and small and medium-sized enterprises held in Seattle, Washington, in August; a February meeting on central banks and finance in Palm Springs, California; and a May meeting on transportation and trade in Detroit, Michigan.⁴³¹

APEC Economic Leaders’ Meeting

On November 11–17, 2023, the APEC Economic Leaders’ Week culminated the APEC host year for the United States.⁴³² President Biden welcomed government and business leaders and thousands of delegates from across the Asia-Pacific to San Francisco, California.⁴³³ According to a White House press release, the President highlighted the importance of deepening the United States’ economic ties with its key regional partners, supporting workers’ rights, and advancing the agenda for a more innovative, interconnected, and inclusive Asia-Pacific region.⁴³⁴

The Economic Leaders’ Meeting concluded with the adoption of the Golden Gate Declaration, which recognized the evolving economic challenges in the region.⁴³⁵ The declaration reaffirmed the commitment of the APEC economies to “harness technological and economic progress and to unleash the enormous potential and tremendous dynamism across the region.” The declaration states APEC’s aims to stimulate economic growth and “address all environmental challenges, including climate

⁴²⁷ APEC, “How APEC Operates,” October 2023.

⁴²⁸ APEC, “About APEC; Peru 2024,” accessed May 7, 2024; USDOS, “2023 Asia-Pacific Economic Cooperation (APEC) Leaders’ Week,” November 6, 2023.

⁴²⁹ APEC, “2023 Leaders’ Declaration,” November 17, 2023.

⁴³⁰ APEC, “APEC Rolls out Priorities for 2023,” December 13, 2022.

⁴³¹ USDOS, “Asia-Pacific Economic Cooperation (APEC) Economic Leaders’ Week Kicks-Off in San Francisco,” November 13, 2023; APEC, “APEC 2023 Theme and Priorities,” February 23, 2023.

⁴³² USDOS, “Asia-Pacific Economic Cooperation (APEC) Economic Leaders’ Week Kicks-Off in San Francisco,” November 13, 2023; USTR, “Fact Sheet: USTR’s Contributions,” November 2023.

⁴³³ White House, “Fact Sheet: President Biden Welcomes Asia-Pacific Leaders,” November 17, 2023.

⁴³⁴ White House, “Fact Sheet: President Biden Welcomes Asia-Pacific Leaders,” November 17, 2023.

⁴³⁵ APEC, “2023 Leaders’ Declaration,” November 17, 2023.

change.”⁴³⁶ Through the declaration, APEC leaders also welcomed the San Francisco Principles on integrating inclusivity and sustainability into trade and investment policy, which will be supported by the CTI.⁴³⁷

APEC Committee on Trade and Investment Highlights

In 2023, the CTI continued to advance the work on multiple trade- and investment-related projects, including those in support of the 2023 theme “Creating a Resilient and Sustainable Future for All.”⁴³⁸ During the Leader’s Week, leaders adopted the “San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy” (Principles).⁴³⁹ The Principles guide APEC toward “inclusive and sustainable outcomes” through trade policy work.⁴⁴⁰ Through the Principles, leaders committed to support programs that aim to advance inclusivity through working toward gender equality, reaching underserved communities, and supporting micro, small, and medium-sized enterprises.⁴⁴¹ The CTI will be responsible for advancing work in support of the Principles during 2024–28.⁴⁴²

In its report to the ministers, the CTI listed a set of priorities and work conducted in 2023, including promotion of digitalization and innovation; advancement of economic integration in the region; and inclusion and sustainability issues.⁴⁴³ The overview of select programs and some U.S.-led initiatives are described below.

Promotion of digitalization and innovation. The ministers noted the importance of accelerated implementation of the APEC “Internet and Digital Economy Roadmap,” including the facilitation of e-commerce and advancement of cooperation in digital trade.⁴⁴⁴ The CTI annual report recognized the benefits of the newly implemented “Principles for the Interoperability of Electronic Invoicing Systems in the APEC Region,” which it said would promote the use of digital technology in trade. The CTI report noted that the first APEC “Digital Month” in August 2023 was of interest to public and private sectors.⁴⁴⁵ In the context of the CTI work and to address innovation and digitalization, the United States led two trade policy dialogues and a project on emerging practices surrounding open government data. The dialogues discussed issues related to digital trade and e-commerce, and the link between digital trade and the future of work. The CTI indicates that these events will serve as a foundation for future

⁴³⁶ APEC, “2023 Leaders’ Declaration,” November 17, 2023.

⁴³⁷ APEC, “2023 Leaders’ Declaration,” November 17, 2023; APEC, “San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy: 2023 Leaders’ Declaration,” November 17, 2023.

⁴³⁸ APEC, “2023 CTI Annual Report to Ministers,” November 2023, 2.

⁴³⁹ APEC, “San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy, 2023 Leaders’ Declaration,” November 17, 2023.

⁴⁴⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 29.

⁴⁴¹ APEC, “2023 Leaders’ Declaration,” November 17, 2023; APEC, “San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy: 2023 Leaders’ Declaration,” November 17, 2023.

⁴⁴² APEC, “San Francisco Principles on Integrating Inclusivity and Sustainability into Trade and Investment Policy, 2023 Leaders’ Declaration,” November 17, 2023.

⁴⁴³ APEC, “2023 CTI Annual Report to Ministers,” November 2023, 2. Other areas of work include support for the multilateral trading system, governance, and implementation of the Putrajaya Vision, including through the Aotearoa Plan of Action.

⁴⁴⁴ APEC, “2023 APEC Ministers Responsible for Trade Statement of the Chair,” May 26, 2023.

⁴⁴⁵ APEC, “2023 CTI Annual Report to Ministers,” November 2023, 17.

elaboration of digital trade in the region.⁴⁴⁶ On the topic of digitalization, information collected by the U.S.-led project on open government data was published in a CTI-endorsed report in April 2023.⁴⁴⁷

Advancement of economic integration in the region. Regional economic integration remained among the top priorities in the CTI agenda. In 2023, the CTI took its first steps in implementing the new Free Trade Area of the Asia-Pacific (FTAAP) agenda. In support of the FTAAP agenda, the United States hosted two workshops on inclusion in trade agreements.⁴⁴⁸ Additionally, the United States conducted an economy-level survey on experiences and lessons learned from administering and participating in multistakeholder engagement approaches for the development of trade agreements. The United States held a workshop on the survey outcomes and launched a report consolidating survey responses, workshop discussions, and lessons learned. Through the exchange of information, the participating groups learned to reduce trade barriers and enhance trade agreements.⁴⁴⁹

Inclusion and sustainability. The CTI continued work on inclusion and sustainability goals, including initiatives in support of the Bangkok Goals on Bio-Circular-Green Economy (Bangkok Goals).⁴⁵⁰ The Bangkok Goals, launched in Thailand in 2022, form a comprehensive framework to advance APEC's sustainability targets and an economic model for inclusive growth. In support of these goals in 2023, the United States led a project titled "Promoting Compostable Bio-Plastics in the Asia Pacific Region" to advance sustainable waste management solutions, including circular economy approaches to reduce plastic pollution.⁴⁵¹ In February 2023, the United States hosted a workshop to share best practices. The Summary Report was endorsed in May 2023.⁴⁵²

Women and Inclusive Trade

In 2023, the topic of inclusive trade through achieving gender equality was at the forefront of APEC leadership meetings. The November 17, 2023, Leader's Declaration cited the importance of prior APEC programs on women and the economy and welcomed the efforts to fully implement the "La Serena Roadmap for Women and Inclusive Growth (2019–30)" (the Roadmap).⁴⁵³ The declaration also stated APEC leaders' commitment to work further on promoting equal participation, inclusive economic development, and leadership of women in the economy.⁴⁵⁴

On August 24, 2023, the joint dialogue led by the APEC CTI and the APEC Policy Partnership for Women and the Economy noted the role of gender equality in fostering economic growth and sustainable

⁴⁴⁶ APEC, "2023 CTI Annual Report to Ministers," November 2023, 17–18.

⁴⁴⁷ APEC, "Facilitating Access to Open Government Data," April 2023; APEC, "2023 Committee on Trade and Investment (CTI) Annual Report to Ministers," accessed May 7, 2024, 17–18.

⁴⁴⁸ APEC, "2023 CTI Annual Report to Ministers," November 2023, 7.

⁴⁴⁹ APEC, "2023 Committee on Trade and Investment (CTI) Annual Report to Ministers," accessed May 7, 2024, 7–8.

⁴⁵⁰ APEC, "2023 CTI Annual Report to Ministers," November 2023, 22; APEC, "APEC Leaders Issue 2022 Declaration and the Bangkok Goals on the Bio-Circular-Green Economy," November 19, 2022.

⁴⁵¹ A circular economy is an economic system that aims to minimize waste generation and maximize the reuse of materials through activities such as reducing, reusing, repairing, remanufacturing and refurbishment, and recycling (also see Trade and Environment section in Chapter 3).

⁴⁵² APEC, "2023 CTI Annual Report to Ministers," November 2023, 22.

⁴⁵³ APEC, "2023 Leaders' Declaration," November 17, 2023.

⁴⁵⁴ APEC, "2023 Leaders' Declaration," November 17, 2023.

development.⁴⁵⁵ This dialogue brought together experts to better understand existing APEC resources, data, and frameworks such as the Roadmap and the Women and the Economy Dashboard to share relevant examples of APEC work and best practices.⁴⁵⁶ These topics are discussed in more detail below.

Women and the Economy Forum. On August 20, 2023, the APEC Women and the Economy Forum took place in Seattle, Washington, capped off by the APEC High-Level Policy Dialogue on Women and the Economy.⁴⁵⁷ In the opening statement, Jennifer Klein, chair of the Women and the Economy Forum and director of the White House Gender Policy Council, noted the impact of women on APEC economies, the potential economic benefits of women’s full participation in the economy, and the need to develop policies promoting women’s transition from the informal to the formal economy.⁴⁵⁸ Discussions at the Women and the Economy Forum covered the views of experts on inclusive economic participation through making improvements in the care economy, interconnecting gender equality and climate change, cultivating digital inclusion and innovation, and promoting gender equality in value chains.⁴⁵⁹

“La Serena Roadmap for Women and Inclusive Growth (2019–30).” In October 2019, APEC ministers endorsed the Roadmap in La Serena, Chile.⁴⁶⁰ The Roadmap has five key action areas supported by initiatives with the goal to achieve the full economic potential of women in the APEC region by 2030. The second monitoring and implementation report was released during Leaders’ Week. The report identified gaps in programs targeting the transition to formal employment, access to decent employment in urban and rural areas, and closing the gender pay gap, among others.⁴⁶¹ In addition, the report listed shortcomings, including lack of gender-disaggregated data and inconsistent use of tracking tools and guidelines, which limited precise assessment of outcomes.⁴⁶² The working groups, through collaboration across forums, will enhance APEC efforts in achieving more equitable outcomes for women.⁴⁶³

⁴⁵⁵ APEC, “Advancing Gender Equity in Trade Takes Center Stage in APEC Joint Dialogue,” August 24, 2023.

⁴⁵⁶ APEC, “2023 CTI Annual Report to Ministers,” November 2023, 26; APEC, “The APEC Women and the Economy Dashboard 2023,” August 2023. The APEC Women and the Economy Dashboard provides a set of indicators and analysis of the status of women in APEC economies.

⁴⁵⁷ APEC, “Chair’s Statement of the APEC 2023 Women and the Economy Forum,” August 20, 2023.

⁴⁵⁸ APEC, “Director Klein: Women’s Equal Economic Participation and Leadership Is Indispensable,” August 20, 2023; APEC, “Chair’s Statement of the APEC 2023 Women and the Economy Forum,” August 20, 2023.

⁴⁵⁹ The care economy includes both unpaid and paid work providing care for others, such as children and the elderly. APEC, “Chair’s Statement of the APEC 2023 Women and the Economy Forum,” August 20, 2023.

⁴⁶⁰ APEC, “The La Serena Roadmap for Women and Inclusive Growth (2019–30),” October 2019.

⁴⁶¹ APEC, “2023 La Serena Roadmap Implementation Report,” August 2023, 3–4, 6.

⁴⁶² The APEC Women and the Economy Dashboard is one such tracking tool, providing both information the status of the economic progress of women. Shortcomings mentioned in the Roadmap monitoring report include inconsistent use of the Dashboard in applying gender inclusion guidelines across initiatives, and lack of capacity building activities to address these issues. APEC, “2023 La Serena Roadmap Implementation Report,” August 2023, 7–9; APEC, “The APEC Women and the Economy Dashboard 2023,” August 2023.

⁴⁶³ APEC, “2023 La Serena Roadmap Implementation Report,” August 2023, 11.

Trade and Investment Framework Agreements

Trade and Investment Framework Agreements (TIFAs) provide strategic frameworks and principles for dialogue on trade and investment issues between the United States and its trade partners.⁴⁶⁴ TIFAs and related council meetings serve as a setting for U.S. government officials and other parties to discuss diverse issues of mutual interest (e.g., market access, labor, environment, intellectual property rights, or capacity building), with the objective of strengthening trade and investment ties.

As of year-end 2023, the United States had entered into 60 TIFAs.⁴⁶⁵ The most recent TIFA was signed by the United States and Fiji in October 2020.⁴⁶⁶

In addition to the above TIFA activities, in February 2023, the United States led the first-ever U.S.-Pacific Islands Trade and Investment Dialogue Senior Officials Meeting.⁴⁶⁷ U.S. government representatives discussed their ongoing work in the region and shared how Pacific Island economies can maximize use of the U.S. Generalized System of Preferences (GSP) program, subject to congressional reauthorization.⁴⁶⁸ The United States set up the U.S.-Pacific Islands Trade and Investment Dialogue in 2022 as a forum to discuss ways to increase trade flows and investment between the United States and the Pacific Islands.⁴⁶⁹ For more information on 2023 developments under TIFAs, see table 4.1 below.

⁴⁶⁴ TIFAs may include agreements such as an Agreement on Trade and Economic Cooperation (ATEC), Trade and Investment Council Agreement (TIC), Trade and Investment Cooperation Forum (TICF), Trade and Investment Cooperation Agreement (TICA), Trade and Investment Cooperation Forum Agreement (TICFA), and Trade, Investment, and Development Agreement (TIDCA). All are considered TIFAs by USTR. USTR, “Trade & Investment Framework Agreements,” accessed March 18, 2024.

⁴⁶⁵ USTR, “Trade & Investment Framework Agreements,” accessed March 18, 2024.

⁴⁶⁶ USTR, “Trade & Investment Framework Agreements,” accessed March 18, 2024.

⁴⁶⁷ The Pacific Islands Forum (PIF) comprises 18 members: Australia, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Kiribati, Nauru, New Caledonia, New Zealand, Niue, Palau, Papua New Guinea, the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu, and Vanuatu. USTR, “Readout of the First Senior Officials Meeting of the United States-Pacific Islands Trade and Investment Dialogue,” March 1, 2023; Pacific Islands Forum Secretariat, “The Pacific Islands Forum,” accessed April 24, 2024; “The Pacific Islands Forum - Empowering the Pacific,” accessed April 24, 2024.

⁴⁶⁸ USTR, “Readout of the First Senior Officials Meeting of the United States-Pacific Islands Trade and Investment Dialogue,” March 1, 2023.

⁴⁶⁹ White House, “Fact Sheet: Energizing the U.S.-Pacific Islands Forum Partnership,” November 10, 2023.

Table 4.1 U.S. trade and investment framework agreements (TIFAs) select developments in 2023

ATEC = Agreement on Trade and Economic Cooperation; TIC = Trade and Investment Council; TICF = Trade and Investment Cooperation Forum; TICA = Trade and Investment Cooperation Agreement; TICFA = Trade and Investment Cooperation Forum Agreement.

Type and name	Date signed	2023 Development
U.S.-Association of Southeast Asian Nations (ASEAN) TIFA	August 25, 2006	In September 2023, the United States organized a U.S.-ASEAN Trade and Environment Dialogue to discuss incorporating and implementing environmental provisions in trade agreements.
U.S.-Bangladesh TICFA	November 25, 2013	During the September 2023 TICFA Council meeting, the United States highlighted labor issues and called on Bangladesh to reform certain labor laws. The meeting also led to Bangladesh amending its Seed Law, shortening the timeline for U.S. companies to begin or expand sales of seeds in Bangladesh.
U.S.-Brazil ATEC	March 18, 2011	The United States and Brazil continued to work on implementing the 2020 Protocol on Trade Rules and Transparency; the transition period for certain provisions ends in 2024. In March 2023, the U.S. Trade Representative and Brazilian officials agreed to “strengthen and deepen bilateral trade and economic partnership through the ATEC.” Technical teams have been directed to develop a program that can promote clean technologies and workers’ rights, among other areas.
United States-Cambodia TIFA	July 14, 2006	In 2023, U.S. government officials met with officials of the Cambodian government and labor stakeholders to address concerns raised by the United States relating to worker rights.
United States-Caribbean Community (CARICOM) TIFA	May 28, 2013	In October 2023, the United States and CARICOM members met to discuss a range of priorities, including a review of the utilization of preferences under the Caribbean Basin Economic Recovery Act (see discussion in chapter 2 of this report), promoting and protecting workers’ rights, and the importance of good regulatory practices in promoting inclusivity and good governance and attracting investment, among other issues.
United States-Central Asia TIFA	June 1, 2004	The United States-Central Asia TIFA Council met in March 2023. The United States worked with the Central Asian trade ministers on worker-centered trade policy, regional economic security and connectivity, and women’s economic empowerment. The five working groups under the U.S.-Central Asia TIFA met in 2023 to discuss issues around fostering an enabling trade and investment climate, as well as private sector activity.
United States-East African Community (EAC) TIFA	July 16, 2008	In July 2023, the U.S.-EAC TIFA Council met and discussed topics, including EAC expansion and integration, the African Continental Free Trade Area implementation, and the future of the African Growth and Opportunity Act.
United States-Gulf Cooperation Council (GCC) Framework Agreement for Trade, Economic, Investment, and Technical Cooperation	September 25, 2012	In March 2023, the United States held joint TIFA Council meetings with Saudi Arabia and member states of the GCC. The meetings covered market access and the investment climate for U.S. products and companies.

Type and name	Date signed	2023 Development
United States-Mongolia TIFA	July 15, 2004	In August 2023, the United States and Mongolia met to discuss transparency, good regulatory practices, the investment climate, intellectual property protection, economic diversification, regional initiatives, and trade promotion.
United States-Nepal TIFA	April 15, 2011	In May 2023, the United States-Nepal TIFA Council met for the first time in three years. The two governments engaged on the reauthorization of and technical assistance under the Nepal Trade Preference Program (see chapter 2) and discussed good regulatory practices, intellectual property, and agriculture.
United States-New Zealand TIFA	October 2, 1992	In April 2023, the United States and New Zealand held a TIFA meeting, discussing regional cooperation through APEC and the Indo-Pacific Economic Framework for Prosperity (IPEF) as well as promoting inclusive and sustainable trade.
United States-Pakistan TIFA	June 25, 2003	In February 2023, USTR held the first ministerial-level U.S.-Pakistan TIFA Council meeting since 2016. The U.S. government worked to finalize U.S. beef access to the Pakistani market. Both governments reinvigorated work on women's empowerment under the 2014 memorandum of understanding, whose objective is to elevate women's role in Pakistan's long-term growth.
United States-Paraguay TIFA	January 13, 2017	The U.S.-Paraguay Trade and Investment Council under the TIFA convened in September 2023. Discussion topics included progress under the 2022 Intellectual Property Work Plan and future work plans under the TIFA.
United States-Philippines TIFA	November 9, 1989	In 2023, the United States and the Philippines launched a Labor Working Group under the TIFA, which met in December. The working group aims to "protect union organizers . . . and promote workers' rights" along with serving as a forum for discussion of other labor issues.
United States-Saudi Arabia TIFA	July 31, 2003	In March 2023, the United States held joint TIFA Council meetings with Saudi Arabia and the GCC (see "U.S.-GCC Framework Agreement for Trade, Economic, Investment, and Technical Cooperation" section above).
United States-Sri Lanka TIFA	July 25, 2002	In September 2023, the U.S.-Sri Lanka TIFA Council met after a four-year hiatus. Participants discussed anti-corruption measures, labor reforms, intellectual property protection, and market access for U.S. agricultural exports.
United States-Thailand TIFA	October 23, 2002	The September 2023 U.S.-Thailand TIFA Joint Council Meeting covered topics including agriculture, customs cooperation, digital trade, intellectual property, investment, labor, and GSP.
United States-Ukraine TICA	March 28, 2008	In November 2023, the United States-Ukraine TICA meeting focused on the economic recovery after Russia's invasion in 2022, including discussion of agricultural technologies and long-term reconstruction.
United States-Uruguay TIFA	January 25, 2007	In 2023, negotiations that began in 2021 continued with hopes of creating a new protocol on trade rules and transparency to the U.S.-Uruguay TIFA. The United States also engaged with Uruguay through the Americas Partnership for Economic Prosperity (APEP) (see the Other Trade Initiatives under Negotiation section below).

Type and name	Date signed	2023 Development
United States-Vietnam TIFA	June 21, 2007	TIFA working groups on digital trade and intellectual property met in 2023. The TIFA council met to discuss various economic topics to strengthen their relationship. In December 2023, the TIFA council convened and discussed topics, including agriculture, labor, and environment. The United States also engaged with Vietnam through IPEF (see the Other Trade Initiatives under Negotiation section below) and through section 301 investigations on timber and currency valuation (see chapter 2).

Sources: USTR, “Trade & Investment Framework Agreements,” accessed March 18, 2024; USTR, *The President’s 2024 Trade Policy Agenda and 2023 Annual Report*, March 19, 2024, 17, 62–77, 158, 177, 192, 213; USTR, “Readout of Ambassador Tai’s Meetings with Brazilian Government Officials,” March 8, 2023; CRS, “Uruguay: An Overview,” July 5, 2022, 2; USTR, “Joint Statement from the 9th U.S.-Pakistan TIFA Council Ministerial,” February 23, 2023.

Notes: The U.S.-ASEAN TIFA includes the United States, Brunei, Cambodia, Indonesia, Laos, Malaysia, Burma, the Philippines, Singapore, Thailand, and Vietnam. The U.S.-Central Asia TIFA includes the United States, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The U.S.-CARICOM TIFA includes the United States, Barbados, Belize, Dominica, Guyana, Jamaica, Saint Lucia, and Trinidad and Tobago. The U.S.-EAC TIFA includes the United States, Burundi, Kenya, Rwanda, Tanzania, and Uganda. The U.S.-GCC TIFA includes the United States, Kuwait, Qatar, Bahrain, the United Arab Emirates, Oman, and Saudi Arabia.

Other Trade Initiatives Under Negotiation

This section covers negotiations on bilateral and regional trade initiatives, including the ongoing negotiations on the Indo-Pacific Economic Framework for Prosperity (IPEF) and the Americas Partnership for Economic Prosperity (APEP).⁴⁷⁰ Negotiations on the United States-Taiwan Initiative on 21st-Century Trade (U.S.-Taiwan Initiative); the United States-Kenya Strategic Trade and Investment Partnership (STIP); and critical minerals agreements with Japan, the EU, and the UK are covered in chapter 6.

Indo-Pacific Economic Framework for Prosperity

In 2023 the United States continued to make progress on negotiations related to IPEF with the other 13 partner countries: Australia, Brunei, Fiji, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.⁴⁷¹ IPEF negotiations began in 2022 and comprise four pillars—trade (Pillar One), supply chains (Pillar Two), clean economy (Pillar Three), and fair economy (Pillar Four)—that aim to promote sustainable and inclusive economic growth, cooperation, and peace within the region.⁴⁷² The pillars’ goals and text are described in more detail later in this section. Partners have committed to collaborate and use technical assistance and capacity building to achieve the IPEF goals.⁴⁷³ IPEF partners are not required to join all four pillars, though as of December 2023, all partners were participating fully, except for India, which abstained from the trade pillar.⁴⁷⁴

⁴⁷⁰ The discussions of specific initiatives are ordered by launch date.

⁴⁷¹ USTR, “Indo-Pacific Economic Framework for Prosperity (IPEF),” accessed March 4, 2024.

⁴⁷² For the United States, USTR is leading negotiations on Pillar One; the USDOC is leading Pillars Two and Three and is the overall lead on Pillar IV, co-leading the provisions on anticorruption with USTR. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 41.

⁴⁷³ White House, “Statement on Indo-Pacific Economic Framework for Prosperity,” May 23, 2022.

⁴⁷⁴ USTR, “Indo-Pacific Economic Framework for Prosperity (IPEF),” accessed March 4, 2024; USTR, “Pillar I: Trade,” September 2022, 1. A senior Indian government official stated India abstained from the trade pillar because of a lack of clarity on the details of the agreement. India will be able to opt into the agreement at a later point. Nandi, “IPEF Trade Pillar,” November 22, 2023.

When IPEF negotiations began in 2022, the Biden administration stated that IPEF is a new model for economic engagement, trade, and supply chain resilience and that the framework is a model for engagement with the rest of the world.⁴⁷⁵ U.S. government representatives also indicated that IPEF is not intended to be a traditional free trade agreement and, in particular, it lacks a tariff component.⁴⁷⁶ Representatives indicated that the four IPEF pillars are intended to form the basis of the U.S. economic strategy in the region and are designed to be flexible enough to accommodate various partner countries with diverse economic backgrounds.⁴⁷⁷

Following the substantial conclusion of negotiations on Pillar Two (supply chains) in May 2023, text for the proposed agreement was shared with the public in September 2023.⁴⁷⁸ Negotiations on Pillars Three (clean economy) and Four (fair economy) were substantially concluded in November 2023.⁴⁷⁹ Summaries of the goals for Pillar One were made public in March 2023 and April 2023.⁴⁸⁰ The remainder of this section describes developments in the negotiations and then summarizes the proposed texts of the four pillars.

Developments in Negotiations

In 2023, IPEF partners held six negotiating rounds, including one “special negotiating session,” and two ministerial meetings.⁴⁸¹ The negotiating rounds covered all four pillars; the special round focused on the supply chain, clean economy, and fair economy pillars.⁴⁸² At the ministerial meeting in May, country ministers announced the substantial conclusion of negotiations on the Supply Chain Agreement (Pillar Two).⁴⁸³ At the ministerial meeting in November, country ministers announced the substantial conclusion of negotiations on the Clean Economy Agreement (Pillar Three), and the Fair Economy Agreement (Pillar Four).⁴⁸⁴ They also announced the substantial conclusion of the negotiations on the Agreement on the Indo-Pacific Economic Framework for Prosperity, which will establish an IPEF Council and Joint Commission to oversee the operation of the related agreements.⁴⁸⁵

A brief summary of each 2023 negotiating round and ministerial meeting follows:

⁴⁷⁵ USTR, *2023 Trade Policy Agenda and 2022 Annual Report*, March 2023, 28; White House, “Press Gaggle by Press Secretary Karine Jean-Pierre and National Security Advisor Jake Sullivan,” May 19, 2022.

⁴⁷⁶ White House, “On-the-Record Press Call on the Launch of the Indo-Pacific Economic Framework,” May 23, 2022.

⁴⁷⁷ White House, “On-the-Record Press Call on the Launch of the Indo-Pacific Economic Framework,” May 23, 2022.

⁴⁷⁸ USDOC, “Substantial Conclusion of Negotiations on Landmark IPEF Supply Chain Agreement,” May 27, 2023; USDOC, “IPEF Agreement Relating to Supply Chain Resilience,” September 7, 2023. The IPEF Supply Chain Agreement entered into force on February 24, 2024. USDOC, “USDOC Announces Upcoming Entry into Force of the IPEF Supply Chain Agreement,” January 31, 2024.

⁴⁷⁹ USDOC, “Raimondo Announces Substantial Conclusion of IPEF Pillars III & IV, Signs Landmark Pillar II Supply Chain Agreement,” November 16, 2023.

⁴⁸⁰ USTR, “IPEF Pillar I Text Summaries March 2023,” March 20, 2023; USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023.

⁴⁸¹ USDOC, “IPEF: Timeline,” accessed July 22, 2024.

⁴⁸² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 41.

⁴⁸³ USDOC, “Substantial Conclusion of Negotiations on Landmark IPEF Supply Chain Agreement,” May 27, 2023.

⁴⁸⁴ USDOC, “Joint Statement From Indo-Pacific Economic Framework For Prosperity Partner Nations,” November 16, 2023.

⁴⁸⁵ USDOC, “Agreement on the Indo-Pacific Economic Framework for Prosperity,” accessed September 4, 2023; USDOC, “Joint Statement From IPEF Partner Nations,” November 16, 2023.

- The February 8–11 special negotiating session in New Delhi, India, covered Pillars Two, Three, and Four of the agreement, with the United States leading in-depth, text-based discussions on all three pillars.⁴⁸⁶ The U.S. Department of Commerce (USDOC) shared negotiating text for Pillar Three (Clean Economy) with IPEF partners in advance of negotiations.⁴⁸⁷
- The second round of negotiations occurred March 13–19 in Bali, Indonesia, covering all four IPEF pillars. Before the round, USTR shared negotiating text on Pillar One (trade) with IPEF partners on labor, environment, digital trade, and technical assistance. Officials from Australia and New Zealand jointly shared proposed text on inclusivity.⁴⁸⁸
- The third round of negotiations occurred May 8–15 in Singapore. Discussion covered all four pillars of the agreement.⁴⁸⁹
- On May 27, the United States hosted a ministerial meeting in Detroit, Michigan, where IPEF partners announced the substantial conclusion of negotiations on the Supply Chain Agreement (Pillar Two).⁴⁹⁰
- The fourth, fifth, and sixth rounds of negotiations were held July 9–15 in Busan, South Korea, September 10–16 in Bangkok, Thailand, and October 15–24 in Kuala Lumpur, Malaysia, respectively. Negotiators continued discussions on Pillars One (Trade), Three (Clean Economy), and Four (Fair Economy). Officials also continued discussions regarding next steps for the Supply Chain Agreement (Pillar Two) following the substantial conclusion of negotiations on the text in May.⁴⁹¹
- On November 13–14, the United States hosted a ministerial meeting in San Francisco, California.⁴⁹² On November 16, IPEF partners announced the signing of the Supply Chain Agreement and the substantial conclusion of negotiations for the Clean Economy

⁴⁸⁶ USDOC, “U.S. Department of Commerce Readout of the Indo-Pacific Economic Framework Special Negotiating Round,” February 12, 2023.

⁴⁸⁷ USDOC, “Joint U.S. Department of Commerce and USTR Readout from the Second Indo-Pacific Economic Framework Negotiating Round,” March 19, 2023.

⁴⁸⁸ USDOC, “Joint U.S. Department of Commerce and USTR Readout from the Second Indo-Pacific Economic Framework Negotiating Round,” March 19, 2023.

⁴⁸⁹ USDOC, “Joint U.S. Department of Commerce and USTR Readout of Third Indo-Pacific Economic Framework Negotiating Round in Singapore,” May 15, 2023.

⁴⁹⁰ USDOC, “IPEF: Timeline,” accessed July 22, 2024; USDOC, “Substantial Conclusion of Negotiations on Landmark IPEF Supply Chain Agreement,” May 27, 2023.

⁴⁹¹ USDOC, “Joint U.S. Department of Commerce and USTR Readout of Fourth Indo-Pacific Economic Framework Negotiating Round in South Korea,” July 16, 2023; USDOC, “Joint U.S. Department of Commerce and USTR Readout of Fifth Indo-Pacific Economic Framework Negotiating Round in Thailand,” September 18, 2023; USDOC, “Joint U.S. Department of Commerce and USTR Readout of Sixth Indo-Pacific Economic Framework Negotiating Round in Malaysia,” October 25, 2023.

⁴⁹² USDOC, “IPEF: Timeline,” accessed July 22, 2024.

Agreement, the Fair Economy Agreement, and the Agreement on the Indo-Pacific Economic Framework for Prosperity.⁴⁹³

Pillar One: Trade

Pillar One on Trade seeks commitments that build on the multilateral trading system and aims to promote inclusive growth and to benefit workers; underserved communities; and micro, small, and medium-sized enterprises.⁴⁹⁴ The proposed trade pillar text covers several areas: labor, environment, agriculture, inclusivity, transparency and good regulatory practices, services domestic regulation, competition and consumer protection policy, customs administration and trade facilitation, digital economy, and technical assistance and economic cooperation.⁴⁹⁵

A March 2023 press release summarizes proposed text on agriculture, services domestic regulation, trade facilitation, and good regulatory practices; these are substantially summarized in *Year in Trade 2022*.⁴⁹⁶ Based on an April 2023 summary released by USTR, the proposed texts address:

- Digital trade. The U.S.-proposed text included discussion of how to promote inclusive, sustainable growth of the digital economy for workers, consumers, and businesses. Additionally, the proposed text contains “provisions addressing data protection, consumer protection, and artificial intelligence that support inclusive growth by promoting trust in the digital economy.” The U.S.-proposed text also addresses the importance of access, avoiding unfair trade practices, and ensuring a reliable and resilient internet infrastructure.⁴⁹⁷
- Labor. The U.S.-proposed text “requires that each Party adopt and maintain internationally recognized labor rights in its labor laws.” The text also proposes the establishment of a mechanism through which IPEF partners are able to support one another and collaborate in achieving labor goals. The text also includes mechanisms to address forced labor, corporate accountability, and communication and cooperation between IPEF partners regarding the implementation of labor commitments.⁴⁹⁸
- The environment. The U.S.-proposed text includes provisions that partners will pursue initiatives that “meaningfully contribute to environmental protection and respond to [IPEF partners’] common sustainability challenges.” The proposed text includes requirements to effectively enforce their respective environmental laws and not to weaken environmental protections in their domestic laws to attract trade or investment.⁴⁹⁹

⁴⁹³ USDOC, “Joint Statement From Indo-Pacific Economic Framework For Prosperity Partner Nations,” November 16, 2023. Additional developments in the IPEF negotiations in early 2024 include the entry into force of the IPEF Supply Chain Agreement in February 2024 and the release of the full text of the IPEF Clean Economy Agreement and Fair Economy Agreements in March 2024. USDOC, “IPEF Agreement Relating to Supply Chain Resilience,” September 7, 2023; USDOC, “IPEF Agreement Relating to a Clean Economy,” March 15, 2024; USDOC, “IPEF Agreement Relating to a Fair Economy,” March 15, 2024.

⁴⁹⁴ USTR sought public comment before the IPEF launch via 87 Fed. Reg. 13789 (March 10, 2022). USTR, “Pillar I: Trade,” September 2022.

⁴⁹⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 41.

⁴⁹⁶ USTR, “IPEF Pillar I Text Summaries March 2023,” March 20, 2023; USITC, *The Year in Trade 2022*, December 2023, 137–38.

⁴⁹⁷ USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023, 1.

⁴⁹⁸ USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023, 2.

⁴⁹⁹ USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023, 3.

- Technical assistance. The U.S.-proposed text lays out principles and a framework to enable IPEF partners to identify needs and support implementation of the commitments in the trade pillar. The text also proposes the establishment of a Committee on Development and Economic Cooperation, designed to support developing country partners in IPEF in identifying needs for capacity building.⁵⁰⁰
- Inclusivity. A text proposed by Australia and New Zealand emphasizes the importance of an inclusive and equitable trade and investment environment, reemphasizing the importance of meaningful access to and participation in the regional economy by all of society, “including Indigenous Peoples, minorities, women, people with disabilities, rural populations, and local communities.”⁵⁰¹

Pillar Two: Supply Chains

According to the USDOC’s web page on Pillar Two, the IPEF Agreement Relating to Supply Chain Resilience (the Supply Chain Agreement) is designed to help IPEF partners “identify supply chain vulnerabilities and work together to prevent, mitigate, and respond to disruptions that risk harm to our national security, public health and safety, and the economic well-being of our workers, companies, and consumers.”⁵⁰² The USDOC further indicates that the agreement includes provisions both to build resilience and to improve responsiveness to disruptions.⁵⁰³

The USDOC described the Supply Chain Agreement as a “first-of-its kind” agreement.⁵⁰⁴ One key feature is the establishment of three new bodies to facilitate cooperation and collaboration on supply chain resilience. Through the Supply Chain Council, IPEF partners will develop sector-specific plans to enhance the resilience of supply chains in key sectors.⁵⁰⁵ The Supply Chain Crisis Response Network will provide a channel for emergency communication between IPEF partners in the event of supply chain disruptions, facilitating collaboration during crises.⁵⁰⁶ The Labor Rights Advisory Board will focus on protecting labor rights in supply chains, creating an environment that promotes opportunities for investment in supply chains with high labor standards, supporting capacity building to promote labor rights, and highlighting practices that improve conditions for workers in partner countries.⁵⁰⁷

Additional articles in the Supply Chain Agreement include expressions of intent to promote regulatory transparency, enhance the role of workers, address facility-specific labor rights inconsistencies, identify critical sectors or key goods, and monitor and address supply chain vulnerabilities and disruptions.⁵⁰⁸

Pillar Three: Clean Economy

The proposed IPEF Clean Economy Agreement is designed to support IPEF partners in “achieving their respective climate goals by accelerating the deployment of clean technologies and facilitating

⁵⁰⁰ USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023, 4.

⁵⁰¹ USTR, “IPEF Pillar I Text Summaries April 2023,” April 20, 2023, 5; USTR, “Pillar I: Trade,” September 2022, 2.

⁵⁰² USDOC, “Pillar II – Supply Chains,” accessed April 24, 2024.

⁵⁰³ USDOC, “Pillar II – Supply Chains,” accessed April 24, 2024.

⁵⁰⁴ USDOC, “USDOC Announces Upcoming Entry into Force of the IPEF Supply Chain Agreement,” January 31, 2024.

⁵⁰⁵ Australian Government, “IPEF Supply Chain Agreement,” accessed April 25, 2024.

⁵⁰⁶ Australian Government, “IPEF Supply Chain Agreement,” accessed April 25, 2024.

⁵⁰⁷ USDOC, “IPEF Agreement Relating to Supply Chain Resilience,” September 7, 2023, 13.

⁵⁰⁸ USDOC, “IPEF Agreement Relating to Supply Chain Resilience,” September 7, 2023, 7–20.

investment.”⁵⁰⁹ On November 16, 2023, the U.S. Secretary of Commerce announced the substantial conclusion of negotiations.⁵¹⁰ The proposed Clean Economy Agreement aims to achieve rapid reduction in greenhouse gas emissions while also improving energy security and ensuring the transition is equitable to all people, including local communities, women, and indigenous people.⁵¹¹

The proposed text of the Clean Economy Agreement covers a range of energy and climate solutions, with sections on energy security and transition; advancing low-greenhouse-gas technologies and solutions in the industrial and transport sectors; sustainable land, water, and ocean solutions; innovative technologies for greenhouse gas capture and removal; incentives to enable the clean economy transition; and just transition.⁵¹² The proposed agreement facilitates information and best practice sharing to improve IPEF partners’ respective policies and facilitate cooperation.⁵¹³ To meet the commitments of the Clean Economy Agreement, IPEF partners will establish the IPEF Catalytic Capital Fund, intended to function as a pool of resources to expand the pipeline of climate infrastructure projects for emerging and upper-middle-income signatories of Pillar Three.⁵¹⁴

In November 2023, the U.S. Secretary of Commerce and Senior Advisor to the President Amos Hochstein hosted the first Partnership for Global Infrastructure and Investment IPEF Investor Forum, bringing together government officials from various IPEF partners and industry leaders to “discuss collaborative actions and share priorities to increase private investment in the Indo-Pacific.”⁵¹⁵ Under the proposed Clean Economy Agreement, IPEF partners are launching the IPEF Clean Economy Investor Forum, which is intended to spur investment in clean infrastructure projects and technologies across all IPEF partners.⁵¹⁶

Pillar Four: Fair Economy

The text of the proposed IPEF Fair Economy Agreement includes provisions in three key areas: anti-corruption; tax; and capacity building, technological innovation, and inclusion.⁵¹⁷ On November 16, 2023, the U.S. Secretary of Commerce announced the substantial conclusion of negotiations.⁵¹⁸ The text of the proposed Fair Economy Agreement builds on IPEF partners’ existing commitments to international

⁵⁰⁹ USDOC, “Pillar III – Clean Economy,” accessed April 24, 2024.

⁵¹⁰ USDOC, “Raimondo Announces Substantial Conclusion of IPEF Pillar III & IV, Signs Landmark Pillar II Supply Chain Agreement,” November 16, 2023.

⁵¹¹ USDOC, “Pillar III – Clean Economy,” accessed April 24, 2024; USDOC, “Ministerial Statement for Pillar III of the IPEF,” September 9, 2022, 1.

⁵¹² USDOC, “IPEF Agreement Relating to a Clean Economy,” March 15, 2024, 6–25.

⁵¹³ USDOC, “Fact Sheet: Substantial Conclusion of Negotiations on Groundbreaking IPEF Clean Economy Agreement,” November 2023, 2.

⁵¹⁴ USDOC, “Fact Sheet: Substantial Conclusion of Negotiations on Groundbreaking IPEF Clean Economy Agreement,” November 2023, 2.

⁵¹⁵ White House, “Fact Sheet: PGI IPEF Investor Forum,” November 16, 2023.

⁵¹⁶ USDOC, “Fact Sheet: Substantial Conclusion of Negotiations on Groundbreaking IPEF Clean Economy Agreement,” November 2023, 2. The first IPEF Clean Economy Investor Forum is scheduled to take place June 5–6, 2024. 89 Fed. Reg. 22664 (April 2, 2024).

⁵¹⁷ USDOC, “Pillar IV – Fair Economy,” accessed April 25, 2024.

⁵¹⁸ USDOC, “Raimondo Announces Substantial Conclusion of IPEF Pillar III & IV, Signs Landmark Pillar II Supply Chain Agreement,” November 16, 2023.

agreements and international standards.⁵¹⁹ These include commitments to combat corruption, like the United Nations Convention against Corruption, the standards of the Financial Action Task Force, and the OECD Anti-Bribery Convention, and commitments to transparency and information sharing for tax purposes, like the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting's Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy (see discussion in the OECD section).⁵²⁰ It also contains commitments to hold public officials accountable, establish systems for confidential reporting of corruption, and encourage the private sector to establish compliance programs.⁵²¹

The agreement also acknowledges the connection between combating corruption and enforcing labor laws and sets forth commitments to ensure labor rights are respected. Finally, the proposed Fair Economy Agreement would establish a Capacity Building Framework to assist IPEF partners in the implementation of commitments related to maintaining a fair economy.⁵²² The Capacity Building Framework is supported through U.S. Department of State (USDOS) actions, including support for the launching of a regional anti-corruption hub in Southeast Asia led by the United Nations Office on Drugs and Crime (UNODC) and funding through the USDOS Bureau of International Narcotics and Law Enforcement Affairs. The latter also funds another program with the UNODC focused on strengthening anti-corruption capabilities.⁵²³

Americas Partnership for Economic Prosperity

President Biden announced the Americas Partnership for Economic Prosperity (APEP), a framework for regional economic cooperation, at the Summit of the Americas in June 2022.⁵²⁴ In addition to the United States, APEP members include Barbados, Canada, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Mexico, Panama, Peru, and Uruguay. The stated goal of APEP is to deepen economic cooperation and strengthen resilience in the region.⁵²⁵ APEP will develop actions and initiatives along three tracks: foreign affairs, trade, and finance. Leaders committed to update priorities for these tracks every two years and to establish a mechanism for consultations to guide work under each track.⁵²⁶ The rest of this section describes the current APEP's stated priorities and the actions taken in 2023.

APEP ministers held their first event in January 2023.⁵²⁷ At this event, senior officials indicated they would seek agreements that would promote regional competitiveness, resilience, shared prosperity, and inclusive and sustainable investment.⁵²⁸ In November 2023, at the inaugural Leaders' Summit of the

⁵¹⁹ USDOC, "Fact Sheet: Substantial Conclusion of Negotiations of an Innovative IPEF Fair Economy Agreement," November 2023, 1.

⁵²⁰ USDOC, "Ministerial Statement for Pillar IV of the IPEF," accessed April 24, 2024, 1–2.

⁵²¹ USDOC, "Fact Sheet: Substantial Conclusion of Negotiations of an Innovative IPEF Fair Economy Agreement," November 2023, 2.

⁵²² USDOC, "Fact Sheet: Substantial Conclusion of Negotiations of an Innovative IPEF Fair Economy Agreement," November 2023, 2.

⁵²³ USDOC, "Fact Sheet: Substantial Conclusion of Negotiations of an Innovative IPEF Fair Economy Agreement," November 2023, 2.

⁵²⁴ White House, "Remarks by President Biden at the Inaugural Ceremony," June 8, 2022.

⁵²⁵ White House, "Joint Declaration on The Americas Partnership for Economic Prosperity," January 27, 2023.

⁵²⁶ White House, "Fact Sheet: President Biden Hosts," November 3, 2023.

⁵²⁷ USDOS, "Americas Partnership for Economic Prosperity," accessed April 11, 2024.

⁵²⁸ White House, "Joint Declaration on The Americas Partnership for Economic Prosperity," January 27, 2023.

Americas Partnership, the governments announced three tracks to develop initiatives under APEP.⁵²⁹ A ministerial declaration, the East Room Declaration, laid out five initial priorities for this work: regional competitiveness and integration, fostering shared prosperity and good governance, building sustainable infrastructure, protecting the climate and environment, and promoting healthy communities.⁵³⁰

Actions in 2023 under APEP and Goals Identified in the East Room Declaration

Under the foreign affairs track of APEP, the parties seek to promote inclusive and sustainable growth, linking the growth to good governance. Target outcomes include establishing an entrepreneurial accelerator and workforce development programs, addressing barriers to participation of underrepresented groups in the workforce, creating initiatives that improve health and environmental outcomes, and working on anti-corruption and transparency commitments.⁵³¹

Parties carried out several activities in support of the foreign affairs track in 2023. In November 2023, the U.S. Agency for International Development committed to funding the Americas Partnership Accelerator to train and connect entrepreneurs to private sector investors, with additional support from Canada and Uruguay.⁵³² Under the Los Angeles Declaration on Migration and Protection and APEP, parties began implementing 2022 funding for infrastructure and services for refugee and migrant hosting communities.⁵³³ Finally, the USDOC announced plans to organize Semiconductor Workforce Symposiums to identify needs for programming, beginning in February 2024 in Costa Rica.⁵³⁴

Under the trade track the parties aspire to improve regional competitiveness through initiatives that create formal jobs and promote labor rights, economic inclusion, and environmental sustainability. Specific requests from the East Room Declaration include implementing the WTO Agreement on Trade Facilitation and digitizing customs mechanisms.⁵³⁵ The Declaration also requests that governments identify regulatory actions to enhance regional integration and ensure micro, small, and medium-sized enterprises and underrepresented communities can participate in trade.⁵³⁶

Under the finance track the parties aim to increase the quality and quantity of financing in the Americas region. The East Room Declaration encourages ministers to work with multilateral development banks—

⁵²⁹ These priorities do not include seeking commitments under the three tracks. White House, “Fact Sheet: President Biden Hosts,” November 3, 2023; White House, “East Room Declaration,” November 3, 2023.

⁵³⁰ White House, “East Room Declaration,” November 3, 2023.

⁵³¹ White House, “East Room Declaration,” November 3, 2023.

⁵³² USAID, “United States Announces \$5 Million,” November 6, 2023.

⁵³³ The Los Angeles Declaration on Migration and Protection, signed on the margins of the 2022 Summit of the Americas (where APEP also was announced), is a multilateral statement outlining goals and intentions for collaboration addressing issues with migration at a regional level. White House, “Fact Sheet: The Los Angeles Declaration on Migration,” June 10, 2022; White House, “East Room Declaration,” November 3, 2023; White House, “Fact Sheet: President Biden Hosts,” November 3, 2023.

⁵³⁴ In 2023, Costa Rica established a Center of Excellence to provide training related to semiconductors and other critical sectors. USDOS, “Launch of APEP’s Semiconductor Workforce Symposium,” November 3, 2023.

⁵³⁵ White House, “East Room Declaration,” November 3, 2023.

⁵³⁶ No public initiatives were under the trade track in 2023. The Council on Trade and Competitiveness convened in early 2024 to begin developing projects under this track. See USTR, “Readout of Americas Partnership Council for Trade and Competitiveness Meeting,” February 15, 2024.

e.g., the World Bank and the Inter-American Development Bank (IDB)—and to leverage new and existing finance tools, such as the U.S. International Development Finance Corporation (DFC) and IDB Invest, to support digital and physical infrastructure investments to address climate and environmental priorities.⁵³⁷ In November 2023, DFC and IDB Invest launched the Americas Partnership Platform, an investment platform providing funding for sustainable infrastructure and critical economic sectors.⁵³⁸ Additionally, the Americas Partnership Fund for Nature was announced at the November 2023 Leaders' Summit. IDB will operate this fund to facilitate private sector investment in nature-based solutions for climate change.⁵³⁹

⁵³⁷ White House, "East Room Declaration," November 3, 2023.

⁵³⁸ IDB Invest, "IDB Invest and DFC Establish Americas Partnership Platform," November 3, 2023.

⁵³⁹ White House, "Fact Sheet: President Biden Hosts," November 3, 2023.

Chapter 5

U.S. Free Trade Agreements

This chapter summarizes developments related to comprehensive U.S. free trade agreements (FTAs) during 2023.⁵⁴⁰ It describes trends in U.S. merchandise imports entered under FTAs⁵⁴¹ and summarizes major activities in 2023 involving U.S. FTAs in force during 2023. As of December 31, 2023, the United States had 14 FTAs in force with 20 trading countries (table 5.1). The newest agreement is the United States-Mexico-Canada Agreement (USMCA), which replaced the North American Free Trade Agreement (NAFTA) and entered into force on July 1, 2020.

Table 5.1 U.S. free trade agreements (FTAs) in force as of December 31, 2023

TPA = trade promotion agreement.

FTA	Date of signature	Date of entry into force
United States-Israel FTA	April 22, 1985	September 1, 1985
United States-Jordan FTA	October 24, 2000	December 17, 2001
United States-Chile FTA	June 6, 2003	January 1, 2004
United States-Singapore FTA	May 6, 2003	January 1, 2004
United States-Australia FTA	May 18, 2004	January 1, 2005
United States-Morocco FTA	June 15, 2004	January 1, 2006
United States-Bahrain FTA	September 14, 2004	August 1, 2006
Dominican Republic-Central America-United States FTA (CAFTA-DR)	May 28, 2004	Various dates, 2006–09
United States-Oman FTA	January 19, 2006	January 1, 2009
United States-Peru TPA	April 12, 2006	February 1, 2009
United States-Korea FTA (KORUS)	June 30, 2007	March 15, 2012
United States-Colombia TPA	November 22, 2006	May 15, 2012
United States-Panama TPA	June 28, 2007	October 31, 2012
United States-Mexico-Canada Agreement (USMCA)	November 30, 2018	July 1, 2020

Source: USTR, “Free Trade Agreements,” accessed May 20, 2024.

Notes: CAFTA-DR is an FTA between the United States and Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. All parties signed CAFTA-DR on May 28, 2004, except the Dominican Republic, which signed in August 2004. CAFTA-DR entered into force between the United States and El Salvador on March 1, 2006; between the United States, Honduras, and Nicaragua on April 1, 2006; between the United States and Guatemala on July 1, 2006; between the United States and the Dominican Republic on March 1, 2007; and between the United States and Costa Rica on January 1, 2009. On July 1, 2020, the United States-Mexico-Canada Agreement replaced the North American Free Trade Agreement, which had entered into force on January 1, 1994.

⁵⁴⁰ According to USTR, the term “comprehensive free trade agreements” includes the 14 FTAs and trade promotion agreements (TPAs) covered in this chapter. Comprehensive FTAs include market access provisions (tariff provisions) and according to USTR, these agreements also “build on the foundation of the WTO Agreement, with more comprehensive and stronger disciplines.” USTR, “Trade Agreements,” accessed June 29, 2024; USTR, “Free Trade Agreements,” accessed May 20, 2024.

⁵⁴¹ The U.S. Census Bureau maintains data on U.S. exports to FTA partners, but it does not collect data on how other countries impose duties on imports into their own countries. Given this data gap, we cannot reconcile U.S. export data with individual FTA partners’ data for originating U.S. goods imports. Thus, chapter 6 of this report discusses only total U.S. exports to FTA partners.

The United States did not pursue negotiations on any comprehensive FTAs during 2023. Work undertaken in 2023 on ongoing negotiations of other U.S. trade initiatives is discussed in chapters 4 and 6. These initiatives include the Indo-Pacific Economic Framework for Prosperity (chapter 4); the United States-Taiwan Initiative on 21st-Century Trade (chapter 6); the U.S.-Kenya Strategic Investment Partnership (chapter 6); and negotiations on critical minerals agreements with Japan, the UK, and the EU (chapter 6).

U.S. Imports Entered under FTAs in 2023

The value of U.S. merchandise imports under FTAs (hereafter FTA imports) increased by 5.7 percent to \$517 billion in 2023 (table 5.2). Of the 14 FTAs, imports under the USMCA accounted for more than three-quarters of total U.S. merchandise imports under FTAs (77.0 percent or \$398 billion), of which Mexico contributed the largest share, at 46.2 percent of the total, and Canada made up 30.9 percent. FTA imports under non-USMCA FTAs increased 3.5 percent, to \$119 billion in 2023.

U.S. FTA imports from Mexico and Canada experienced the largest increases in absolute dollar value. U.S. FTA imports from South Korea and Panama achieved the largest percentage increases, though each rose from a smaller baseline. Imports from several FTA partners, including Bahrain, Morocco, Oman, and Singapore, fell in 2023 (table 5.2).

Table 5.2 U.S. imports entered under FTA provisions, by FTA partner, annual, 2021–23

In millions of dollars and percentages. FTA = free trade agreement; USMCA = United States-Mexico-Canada Agreement; CAFTA-DR = Dominican Republic-Central America-United States Free Trade Agreement. The first two rows show U.S. imports for consumption from Canada and Mexico under the USMCA, followed by the total for both; the next 13 rows show U.S. imports from countries under 13 other FTAs followed by their total under all other FTA provisions and by the total under all FTAs; the next row shows imports for consumption under non-FTAs; and finally, total U.S. imports for consumption.

FTA partner	2021 (million \$)	2022 (million \$)	2023 (million \$)	Percentage change, 2022–23 (%)
Canada	126,622	148,183	159,588	7.7
Mexico	197,495	226,532	238,729	5.4
USMCA partners	324,117	374,715	398,316	6.3
Israel	3,213	3,380	3,095	–8.4
Jordan	2,032	2,570	2,500	–2.7
Chile	9,351	8,636	8,731	1.1
Singapore	6,745	7,446	6,125	–17.7
Australia	4,291	5,350	4,964	–7.2
Morocco	389	585	435	–25.7
Bahrain	510	741	593	–20.0
CAFTA-DR	16,109	17,736	17,354	–2.2
Oman	936	1,310	881	–32.8
Peru	4,195	5,494	5,513	0.3
South Korea	42,734	53,703	61,530	14.6
Colombia	5,130	7,769	7,062	–9.1
Panama	48	60	66	10.1
Non-USMCA FTA partners	95,682	114,781	118,848	3.5
All FTA partners	419,799	489,496	517,165	5.7
All imports under non-FTAs	2,398,059	2,734,072	2,555,349	–6.5
Total U.S. imports for consumption	2,817,858	3,223,568	3,072,514	–4.7

Source: USITC DataWeb/Census, accessed July 5, 2024.

The utilization rate across all FTAs was 76.9 percent in 2023 and 74.7 percent in 2022 (table 5.3). In 2023, U.S. FTAs, on average, had higher utilization rates compared with U.S. tariff preference programs, including the African Growth and Opportunity Act, the Generalized System of Preferences, the Caribbean Basin Economic Recovery Act, and the Nepal Trade Preference Program (tables 2.6 and 5.3).

FTA utilization rates vary over time and across countries (table 5.3). Chile and Jordan sustained utilization rates above 90 percent during 2021–23. Australia, Bahrain, CAFTA-DR, Mexico, Peru, and South Korea had utilization rates above 80 percent in 2023. FTA utilization rates that year were lowest for Morocco (50.3 percent) and Canada (65.1 percent).

Table 5.3 U.S. Utilization rates for FTAs, by FTA partner, annual, 2021–23

In percentages and percentage points (ppts). USMCA = United States-Mexico-Canada Agreement; CAFTA-DR = Dominican Republic-Central America-United States Free Trade Agreement.

FTA partner	2021 (%)	2022 (%)	2023 (%)	Percentage point change, 2022–23 (ppts)
Canada	63.9	58.4	65.1	6.8
Mexico	86.9	85.0	82.4	–2.6
USMCA partners	76.2	72.0	74.5	2.5
Israel	82.7	79.3	75.8	–3.5
Jordan	91.7	92.0	96.3	4.3
Chile	98.3	96.7	92.9	–3.8
Singapore	69.5	72.2	70.4	–1.8
Australia	92.5	91.8	89.7	–2.0
Morocco	57.1	60.8	50.3	–10.5
Bahrain	89.1	82.5	85.8	3.3
CAFTA-DR	88.7	85.1	90.2	5.1
Oman	79.3	79.6	71.7	–7.9
Peru	91.7	92.4	88.4	–4.0
South Korea	86.8	87.6	89.9	2.3
Colombia	68.3	70.0	68.0	–2.0
Panama	63.1	75.2	69.9	–5.2
Non-USMCA FTA partners	85.5	85.1	86.4	1.3
All FTA partners	78.2	74.7	76.9	2.3

Source: USITC DataWeb/Census, accessed July 5, 2024.

Note: The utilization rate is calculated as total imports for consumption imported under the FTA as a share of total imports for consumption of products classified as eligible for FTA preferences under the *Harmonized Tariff Schedule of the United States*.

Developments in U.S. FTAs in Force During 2023

The United States-Mexico-Canada Agreement

The United States-Mexico-Canada Agreement (USMCA or Agreement) entered into force on July 1, 2020, superseding NAFTA.⁵⁴² This section describes actions taken in 2023 by the USMCA Free Trade Commission and developments in the implementation of provisions such as labor monitoring and enforcement, environment, small and medium-sized enterprises (SMEs), and dispute settlement.⁵⁴³

⁵⁴² On January 29, 2020, the President signed the USMCA Implementation Act into law. Through the USMCA Implementation Act, Congress approved the USMCA and enacted legislation that implements its provisions. United States-Mexico-Canada Agreement Implementation Act, Pub. L. No. 116-113 (2020) (codified at 19 U.S.C. §§ 4501–4732).

⁵⁴³ For information on the negotiation and passage of the USMCA, see USITC, *The Year in Trade 2019*, August 2020, 155–58; USITC, *The Year in Trade 2020*, September 2021, 123–31.

Developments in the Implementation of the USMCA

USMCA Free Trade Commission

The USMCA establishes a Free Trade Commission, an entity tasked with supervising the implementation and operation of the Agreement. Composed of ministerial-level representatives of the United States, Canada, and Mexico (parties) or their delegates (deputies), the Free Trade Commission considers ways to enhance the parties' trade and investment relationships and supervises committees meeting under the Agreement, among other functions.⁵⁴⁴ The Free Trade Commission held its third meeting on July 7, 2023.⁵⁴⁵ During 2023, several committees, including Agriculture, Environment, Labor, North American Competitiveness, Small and Medium-Sized Enterprises, Trade Facilitation, and Trade in Goods, held meetings.⁵⁴⁶

On February 22, 2023, the ministers signed Free Trade Committee Decision No. 5, which strengthens coordination of central and regional government actions to maintain North American trade flows in emergency circumstances.⁵⁴⁷ In addition, the decision states the parties' intent to enhance consultation mechanisms with stakeholders—including industries and workers—affected by emergency situations.⁵⁴⁸ Decision No. 5 formed two subgroups under the USMCA Competitiveness Committee: the Sub-Committee on Emergency Response, tasked with coordinating efforts to sustain regional trade flows during emergencies, and a Working Group housed under the subcommittee, tasked with collaboratively determining critical infrastructure priorities.⁵⁴⁹

Small and Medium-Sized Enterprises (SMEs)

The USMCA SME chapter includes cooperation commitments geared toward increasing SME trade and investment opportunities.⁵⁵⁰ On September 21, 2023, the Mexican Ministry of Economy hosted the U.S., Mexican, and Canadian governments, along with small business representatives, in the Second USMCA Small and Medium-Sized Enterprise Dialogue (SME Dialogue) in Mexico City, Mexico. The SME Dialogue is organized by a number of federal agencies from the United States, Canada, and Mexico. This SME Dialogue focused on electronic commerce and the digitalization of SMEs, steps for exporting within North America, export financing for SMEs, and women-owned businesses in the USMCA region.⁵⁵¹ The perspectives and successes of women-led businesses that export was the subject of a women's small business roundtable, also held in Mexico City, and organized by the Office of the U.S. Trade

⁵⁴⁴ USITC, *The Year in Trade 2022*, December 2023, 147.

⁵⁴⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 56.

⁵⁴⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 56.

⁵⁴⁷ "Decision No.5 of the Free Trade Commission of the CUSMA, T-MEC, and USMCA ('The Agreement')," February 22, 2023.

⁵⁴⁸ "Decision No.5 of the Free Trade Commission of the CUSMA, T-MEC, and USMCA ('The Agreement')," February 22, 2023.

⁵⁴⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 57.

⁵⁵⁰ USMCA, chapt. 25, (July 1, 2020). The cooperation commitments are achieved by various mechanisms, including a Trilateral SME Dialogue (Article 25.5), a Committee on SME issues (Article 25.4), information sharing (Article 25.3), and cooperation through support infrastructure (Article 25.2). For discussion see USITC, *The Year in Trade 2021*, August 2022, 145–46.

⁵⁵¹ USTR, "The Office of the U.S. Trade Representative, Small Business Administration and Department of Commerce Convene the Second USMCA Small and Medium-Sized Enterprise Dialogue," September 21, 2023.

Representative (USTR), the U.S. Department of Commerce (USDOC), and the U.S. Small Business Administration.⁵⁵²

Labor

In addition to obligations in the Labor chapter to adopt and maintain laws and regulations upholding internationally recognized worker rights, the USMCA's Labor Chapter Annex specifies a series of reforms that Mexico is required to make. These include ensuring that workers have the right to secret ballot votes to elect union leadership and to approve or reject new and existing collective bargaining agreements.⁵⁵³ Mexico adopted legislation providing for these reforms in 2019 before the USMCA's entry into force. The legislation included an implementation period beginning on May 1, 2019, and concluding on April 30, 2023.⁵⁵⁴

Of the unions existing at the beginning of the reform period, less than a quarter underwent the secret ballot collective bargaining agreement legitimization vote by April 30, 2023. The remaining collective bargaining agreements per Mexico's labor law reforms are no longer valid.⁵⁵⁵ Nevertheless, when the benefits granted under invalidated collective bargaining agreements are greater than those granted by law, employers in Mexico must continue to provide those collective bargaining agreement benefits.⁵⁵⁶

In June 2023, the United States, Mexico, and Canada held the second meeting of the Labor Council under the USMCA in Mexico City, Mexico.⁵⁵⁷ The Labor Council discussed labor policies on violence and discrimination in the workplace, cooperation and technical assistance projects, and implementation of the USMCA's provision related to imports produced with forced labor. The Labor Council also held a virtual public session with participation by workers, employers, civil society organizations, and the general public. In the joint statement regarding the meeting, the United States, Mexico, and Canada reaffirmed their commitment to the implementation of the USMCA labor obligations. The parties also reiterated their determination to foster and ensure protection of international labor rights through legislation and policies. This extends to promoting trade in goods produced in compliance with the USMCA's Labor chapter.⁵⁵⁸

USMCA implementing legislation provides funding to the U.S. Department of Labor (USDOL) for activities to implement the USMCA, including \$180 million to be used over four years for USMCA-related technical assistance projects. These projects envision assistance to Mexico to implement its labor reforms, support

⁵⁵² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 182.

⁵⁵³ USMCA, chapt. 23 (July 1, 2020); USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59.

⁵⁵⁴ USMCA, chapt. 23 (July 1, 2020); CRS, *USMCA: Labor Provisions*, January 12, 2023; General Congress of the United Mexican States, "Decree on Freedom of Association," May 1, 2019.

⁵⁵⁵ Of the 139,000 contracts reported by the Labor Boards, 30,526 were legitimized. Domínguez Marrufo, "Labor Policy in Mexico and the USMCA," March 6, 2024; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59; Straulino-Rodriguez and Agraz, "Mexico's New Requirements," August 6, 2019.

⁵⁵⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59.

⁵⁵⁷ The Labor Council was established to consider matters under the labor chapter, including views of the public. USMCA, chapt. 23, art. 14, (July 1, 2020).

⁵⁵⁸ USTR, "The United States, Mexico, and Canada Hold the Second Meeting of the Labor Council under the United States-Mexico-Canada Agreement," June 29, 2023; USTR, "Joint Statement of the USMCA Labor Council," June 28-29, 2023.

commitments related to collective bargaining, and combat child and forced labor.⁵⁵⁹ In September 2023, the USDOL awarded \$5 million to the International Labor Organization to support capacity building for workers and other stakeholders on freedom of association and collective bargaining.⁵⁶⁰

The USMCA's Dispute Settlement Chapter includes a U.S.-Mexico Facility-Specific Rapid Response Labor Mechanism (RRM) to safeguard facility-level rights of collective bargaining and freedom of association. Under the RRM, complainants file petitions with the Interagency Labor Committee for Monitoring and Enforcement (ILC), co-chaired by the U.S. Trade Representative and the U.S. Secretary of Labor.⁵⁶¹ Businesses that are noncompliant with key labor obligations are subject to expedited enforcement actions.⁵⁶² According to USTR, the RRM process has resulted in beneficial outcomes for workers, including reinstatement for dismissed workers, along with back pay.⁵⁶³

On 13 occasions in 2023, the United States invoked the RRM for alleged denial of workers' rights in factories in Mexico.⁵⁶⁴ During 2023, the United States requested the first dispute settlement panel under the RRM (see the Dispute Settlement section below). In addition, the United States and Mexico agreed on remediation in four cases, as follows:

- On March 6, 2023, the United States asked the Government of Mexico to review a Unique Fabricating automotive parts manufacturing facility in Santiago de Querétaro, to determine whether workers were being denied the right to freely associate and collectively bargain. On April 24, 2023, USTR and the U.S. Department of Labor (USDOL) announced a resolution of the case, with the company allowing workers to select the union of their choice and freely assemble.⁵⁶⁵
- On June 12, 2023, the United States asked the Government of Mexico to review the Industrias del Interior firm's facility for manufacturing clothing in Aguascalientes to determine whether workers were being denied the right to freely associate and collectively bargain. On December 11, 2023, USTR and the USDOL announced a resolution of the case, with the company paying benefit vouchers retroactively and establishing a complaint mechanism for workers to report rights violations.⁵⁶⁶
- On August 7, 2023, the United States asked the Government of Mexico to review the Grupo Yazaki auto components facility in León, Guanajuato, to determine whether workers were being denied the right to freely associate and collectively bargain. On December 11, 2023, USTR and the USDOL announced a resolution of the case, with the company distributing copies of its neutrality statement in its Mexican facility, among other actions.⁵⁶⁷

⁵⁵⁹ USDOL, "Labor Rights and the United States-Mexico-Canada Agreement (USMCA)," accessed September 4, 2024.

⁵⁶⁰ USDOL, "Department of Labor, International Labor Organization Announce Effort to Observe Workplace Votes," September 29, 2023.

⁵⁶¹ USITC, *The Year in Trade 2022*, December 2023, 150; USMCA, chapt. 31, (July 1, 2020).

⁵⁶² USMCA, Annex 31-A (July 1, 2020).

⁵⁶³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024.

⁵⁶⁴ USTR, "Chapter 31 Annex A; Facility-Specific Rapid-Response Labor Mechanism," accessed May 7, 2024.

⁵⁶⁵ USTR, "United States Announces Successful Resolution of a Rapid Response Mechanism Petition Regarding a Unique Fabricating Facility in Mexico," April 24, 2023.

⁵⁶⁶ USTR, "United States Announces Successful Resolution of Rapid Response Labor Mechanism Matter at a Mexican Garment Facility," December 11, 2023.

⁵⁶⁷ USTR, "United States Announces Successful Resolution of Rapid Response Mechanism Labor Matter at Grupo Yazaki Auto Components Factory," October 3, 2023.

- On August 30, 2023, the United States asked the Government of Mexico to review the Mexico City-based cargo airline, Aerotransportes Mas de Carga, to determine whether workers were being denied the right to freely associate and collectively bargain. On October 30, 2023, USTR and the USDOL announced a resolution of the case, with the company posting a neutrality statement, paying severance to pilots who declined reinstatement, and reinstating and giving back pay to those who wanted to return to the company.⁵⁶⁸

Energy

In July 2022, the United States requested consultations with Mexico over several legal provisions implemented between 2019 and 2021 that may be inconsistent with Mexico's USMCA obligations under multiple USMCA chapters, including Chapter 2 (Market Access), Chapter 14 (Investment) and Chapter 22 (State-Owned Enterprises), and concerning different energy types, including diesel fuel, natural gas, and electricity.⁵⁶⁹ As of December 2023, consultations regarding U.S. concerns that the Mexican government is engaging in practices that undermine U.S.-produced energy and U.S. energy companies' competitiveness remained ongoing.⁵⁷⁰

Environment

The USMCA's Chapter 24 (Environment) promotes mutually supportive trade and environmental policies and practices.⁵⁷¹ In addition to promoting environmental protection and enforcement of environmental laws, the chapter enhances the parties' ability to address trade-related environmental concerns and encourage sustainable development.⁵⁷² The Environment chapter includes obligations to effectively enforce environmental laws and adopt and maintain laws and regulations to implement its obligations under certain multilateral environmental agreements, among other obligations.⁵⁷³ It contains provisions addressing wildlife trafficking; illegal logging and illegal, unreported, and unregulated fishing; fisheries subsidies; marine litter; and air and water pollution.⁵⁷⁴

The USMCA Environment chapter establishes an Environment Committee tasked with overseeing the implementation of the chapter.⁵⁷⁵ At the third USMCA Environment Committee meeting in September 2023, the parties discussed a number of topics, including what could be done to strengthen environmental protections and law enforcement, inclusive trade and the environment, and the status of ongoing enforcement matters, among other topics.⁵⁷⁶

⁵⁶⁸ USTR, "United States Announces Successful Resolution of Rapid Response Mechanism Labor Matter at Mexican Airline," October 30, 2023.

⁵⁶⁹ Also see summary in USITC, *The Year in Trade 2022*, December 2023, 155; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 100.

⁵⁷⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 100.

⁵⁷¹ USMCA, chapt. 24 (July 1, 2020).

⁵⁷² USMCA, chapt. 24 (July 1, 2020). For a discussion of obligations under the Environment Chapter, see USITC, *The Year in Trade 2021*, August 2022, 144.

⁵⁷³ USMCA, chapt. 24 (July 1, 2020).

⁵⁷⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024.

⁵⁷⁵ USMCA, chapt. 24, art. 24.26 (July 1, 2020).

⁵⁷⁶ USTR, "Update from the Third Meeting of the Environment Committee under the United States-Mexico-Canada Agreement (USMCA)," September 28, 2023.

In February 2022, the United States requested consultations related to Mexico’s enforcement of laws and compliance with commitments related to the protection of the vaquita porpoise, the prevention of illegal fishing, and trafficking of totoaba fish, a drum fish. In August 2022, the United States proposed a plan of action to address these issues. USTR reported that Mexico’s counterproposal, received by the United States in January 2023, was insufficient to resolve the concerns at the technical level and, therefore, the United States elevated the consultations to the senior representative level.⁵⁷⁷ After further consultations at the senior representative level, in July 2023, Mexico submitted a Compliance Action Plan to the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which included preventing the use of fishing gear that endangers the vaquita porpoise within its historic range, restricting fishing in the areas with the highest concentration of porpoises, and eliminating illegal fishing of totoaba.⁵⁷⁸ In response to Mexico’s Compliance Action Plan, the United States presented a revised action plan in September 2023.⁵⁷⁹

USMCA Dispute Settlement

The USMCA has three principal dispute mechanisms: Chapter 10 (Trade Remedies), Chapter 14 (Investment), and Chapter 31 (Dispute Settlement). This section describes disputes that had active panels in 2023.

Chapter 10 Disputes

USMCA Chapter 10 contains the principal dispute settlement mechanisms of the USMCA for trade remedies.⁵⁸⁰ Article 10.12 establishes a mechanism to provide review of final determinations in antidumping and countervailing duty cases by independent binational panels established under the USMCA as an alternative to judicial review by domestic courts. Ten Chapter 10 panel reviews were active in 2023, including two newly filed requests for panel review (table 5.4). No panel active under Chapter 10 issued decisions and orders or otherwise concluded its review processes in 2023.

⁵⁷⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 20.

⁵⁷⁸ Government of Mexico, “Compliance Action Plan on Totoaba (Totoaba Macdonaldi),” July 24, 2024.

⁵⁷⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 20.

⁵⁸⁰ USMCA Chapter 14 (Investment) contains procedures for resolving disputes between a party and an investor of another party. Annex 14-C of that chapter addresses the transition from NAFTA to the USMCA regarding legacy investment claims and pending claims. Two other annexes (14-D and 14-E) apply only between Mexico and the United States regarding investment disputes. No panel reviews were active under USMCA Chapter 14 in 2023.

Table 5.4 Panel reviews under USMCA Chapter 10 active during 2023 and year-end status

AD = antidumping; CVD = countervailing duty; AR = administrative review; AR2 = second administrative review; AR3 = third administrative review; AR4 = fourth administrative review; AR7 = seventh administrative review; CDA = Canada; MEX = Mexico.

Country of determination under panel review	Panel review number	Case	Date of request	Year-end status
United States	USA-CDA-2020-10.12-01	Softwood lumber CVD AR	December 10, 2020	Active
United States	USA-CDA-2020-10.12-02	Softwood lumber AD AR	December 22, 2020	Active
United States	USA-CDA-2021-10.12-03	Softwood lumber CVD AR2	December 29, 2021	Active
United States	USA-CDA-2021-10.12-04	Softwood lumber AD AR2	December 29, 2021	Active
United States	USA-CDA-2022-10.12-02	Softwood lumber AD AR3	September 8, 2022	Active
United States	USA-CDA-2022-10.12-03	Softwood lumber CVD AR3	September 8, 2022	Active
United States	USA-CDA-2023-10.12-01	Softwood lumber CVD AR4	August 31, 2023	Active
United States	USA-MEX-2021-10.12-01	Carbon and certain alloy steel wire rod AD AR	September 17, 2021	Active
United States	USA-MEX-2021-10.12-02	Steel concrete reinforcing bar AD AR	October 8, 2021	Active
United States	USA-MEX-2023-10.12-01	Steel concrete reinforcing bar AD AR7	July 6, 2023	Active

Source: USMCA Secretariat, "Publications," accessed March 13, 2024; USMCA Secretariat, Trade Agreements Secretariat E-filing System, accessed March 19, 2024.

Chapter 31 Disputes

USMCA Chapter 31, Dispute Settlement, contains the principal dispute settlement mechanisms of the USMCA for state-to-state disputes concerning interpretations of and obligations under the USMCA. Two panels under Chapter 31 concluded their reviews and one remained active in 2023 (table 5.5).

Table 5.5 Panel reviews under USMCA Chapter 31 active during 2023 and year-end status

CDA = Canada; MEX = Mexico; USA = United States.

Complaining party(ies)	Panel review number	Title	Date of request	Year-end status
United States	CDA-USA-2023-31-01	Dairy tariff-rate quota allocation measures	January 31, 2023	Final report issued November 10, 2023
United States	MEX-USA-2023-31-01	Measures concerning genetically engineered corn	August 17, 2023	Active
Mexico and Canada	USA-MEX-2022-31-01	Automotive rules of origin	January 6, 2022	Final report issued January 11, 2023

Source: USMCA Secretariat, "Publications," accessed March 13, 2024; USMCA Secretariat, Trade Agreements Secretariat E-filing System, accessed March 19, 2024.

In January 2023, a panel issued a report finding in favor of Canada and Mexico regarding the U.S. interpretation and application of certain rules of origin provisions for automobiles under the USMCA. The parties have discussed a resolution to the dispute but had not adopted a resolution as of year-end 2023.⁵⁸¹

⁵⁸¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 61. For details regarding consultations between the United States and Canada and Mexico related to automotive rules of origin under the USMCA, see USITC, *The Year in Trade 2022*, December 2023, 156–57.

In November 2023, a panel issued a report finding against the second U.S. challenge to Canada’s dairy tariff-rate quota allocation measures, which use a market-share approach for determining such allocations and “effectively prohibit” retailers, food service operators, and other types of importers from using tariff-rate quota allocations.⁵⁸² Two of the three panelists found that Canada’s measures do not breach any of the USMCA commitments that the United States cited, and one panelist agreed with a U.S. claim challenging Canada’s definition of eligible applicants.⁵⁸³

On January 30, 2023, the United States sent a request to Mexico under USMCA Chapter 9 (Sanitary and Phytosanitary Measures) for information on and the reasoning underpinning certain Mexican measures concerning biotechnology products. The United States held technical consultations in March and dispute settlement consultations in June with Mexico to address U.S. concerns regarding Mexican measures concerning genetically engineered corn and certain other genetically engineered products. The consultations did not result in a resolution, and, on August 17, the United States requested establishment of a dispute settlement panel to challenge measures reflected in Mexico’s Decree Establishing Various Actions Regarding Glyphosate and Genetically Modified Corn, issued February 13, 2023. Specifically, the United States challenged Mexico’s ban on the use of genetically engineered corn in tortillas or dough and the instruction to Mexican governmental agencies to reduce and ultimately ban the use of genetically engineered corn in all products for human consumption and for animal feed.⁵⁸⁴

Chapter 31, Annex 31-A—United States-Mexico Facility-Specific Rapid Response Labor Mechanism

Annex 31-A to Chapter 31 established the United States-Mexico Facility-Specific Rapid Response Labor Mechanism, which allows the United States to take expedited enforcement action against individual facilities in Mexico that deny workers the right of free association and collective bargaining under Mexico’s laws necessary to fulfill the obligations under USMCA labor provisions.⁵⁸⁵ This mechanism provides for enforcement of these workers’ rights at the facility level.⁵⁸⁶ To begin the process, one party files a petition with the ILC.⁵⁸⁷ Within 30 days, the ILC reviews the petition and accompanying information.⁵⁸⁸ If the ILC determines that sufficient, credible evidence of a denial of rights exists, the ILC will instruct the U.S. Trade Representative to submit a request for Mexico to review the matter.⁵⁸⁹ If Mexico determines no denial of rights and the United States disagrees, the United States may request a

⁵⁸² For details regarding the first dispute between the United States and Canada related to Canadian dairy tariff-rate quotas, which resulted in such revisions that are at issue in this second dispute, see USITC, *The Year in Trade 2022*, December 2023, 154–56.

⁵⁸³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 58.

⁵⁸⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 61, 151. Canada also is participating in this dispute. For details regarding U.S. communications with Mexico on genetically engineered corn, see USITC, *The Year in Trade 2022*, December 2023, 183–84.

⁵⁸⁵ 19 U.S.C. § 4646. Notice of Interagency Labor Committee for Monitoring and Enforcement Final Procedural Guidelines for Petitions Pursuant to the USMCA, 88 Fed. Reg. 40914, 40918 (June 22, 2023).

⁵⁸⁶ USTR, “Chapter 31 Annex A; Facility-Specific Rapid-Response Labor Mechanism,” accessed May 7, 2024.

⁵⁸⁷ 19 U.S.C. § 4646. Any person of a party may file a petition. For purposes of the ILC, “person” means any natural person or enterprise, including labor organizations or nongovernmental organizations. Notice of Interagency Labor Committee for Monitoring and Enforcement Final Procedural Guidelines for Petitions Pursuant to the USMCA, 88 Fed. Reg. 40914, 40918 (June 22, 2023). The ILC is co-chaired by the U.S. Trade Representative and the U.S. Secretary of Labor. 19 U.S.C. § 4641(b)(1).

⁵⁸⁸ 88 Fed. Reg. 40914, 40919 (June 22, 2023).

⁵⁸⁹ 88 Fed. Reg. 40914, 40919 (June 22, 2023).

panel review.⁵⁹⁰ One panel review was active in 2023 (table 5.6). See the “Labor” section above for discussion of petitions filed in 2023.

Table 5.6 Panel reviews under the USMCA, Chapter 31, Annex 31-A, active during 2023 and year-end status

MEX = Mexico.

Complaining party	Panel review number	Title	Date of request	Year-end status
United States	MEX-USA-2023-31A-01	Rapid response labor panel concerning the San Martín Mine	August 22, 2023	Active

Source: USMCA Secretariat, “Publications,” accessed March 13, 2024; USMCA Secretariat, Trade Agreements Secretariat E-filing System, accessed March 19, 2024.

In August 2023, the United States requested that a dispute settlement panel be convened under the USMCA Rapid Response Labor Mechanism for the first time.⁵⁹¹ The issue arose in May 2023 when the ILC received a petition stating that a mine operator, the Grupo México San Martín, in the state of Zacatecas, chose to bypass the existing union, which had the sole right to bargain collectively with the operator, and resume operations during an ongoing strike.⁵⁹² After Mexico found no denial of workers’ rights, the United States requested a panel review.⁵⁹³

NAFTA Dispute Settlement

NAFTA was superseded on July 1, 2020, when the USMCA entered into force among the United States, Canada, and Mexico. Disputes initiated under NAFTA may proceed to their conclusions.⁵⁹⁴ NAFTA Chapter 11 contains the NAFTA dispute settlement provisions for investment.⁵⁹⁵ Ten arbitral cases filed under Chapter 11 were pending at the end of 2023: four cases that U.S. investors filed against Canada;⁵⁹⁶ four cases that U.S. investors filed against Mexico;⁵⁹⁷ one case that Canadian and Mexican investors filed against the United States;⁵⁹⁸ and one case that Canadian investors filed against the United States.⁵⁹⁹

⁵⁹⁰ USMCA, annex 31-A, art. 31-A.4, July 1, 2020.

⁵⁹¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 4; USTR, “United States Requests First Ever USMCA Rapid Response Labor Mechanism Panel at Grupo Mexico Mine,” August 22, 2023.

⁵⁹² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 4; USTR, “United States Requests First Ever USMCA Rapid Response Labor Mechanism Panel at Grupo Mexico Mine,” August 22, 2023.

⁵⁹³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 4; USTR, “United States Requests First Ever USMCA Rapid Response Labor Mechanism Panel at Grupo Mexico Mine,” August 22, 2023.

⁵⁹⁴ USMCA Chapter 34 (Final Provisions) provides the transitional provisions from NAFTA, under which disputes initiated under NAFTA Chapter 19 may proceed to their conclusion, including any panel review, under Chapter 19. See USMCA, chapt. 34, art. 34.1, (July 1, 2020).

⁵⁹⁵ NAFTA Chapter 20 contains the NAFTA dispute settlement provisions for state-to-state matters. No panel reviews were active under NAFTA Chapter 20 in 2023. For a description of NAFTA provisions, settlement mechanisms, and arbitral provisions, see USITC, *The Year in Trade 2019*, August 2020, 161.

⁵⁹⁶ USDOS, “Cases Filed Against the Government of Canada,” accessed May 7, 2024; Canada, “Cases Filed against the Government of Canada,” May 18, 2023.

⁵⁹⁷ USDOS, “Cases Filed Against the United Mexican States,” accessed May 7, 2024.

⁵⁹⁸ USDOS, “Cases Filed Against the United Mexican States,” accessed May 7, 2024.

⁵⁹⁹ USDOS, “Cases Filed Against the United Mexican States,” accessed May 7, 2024.

NAFTA Chapter 19 contains the NAFTA dispute settlement provisions for antidumping and countervailing duty matters.⁶⁰⁰ Three NAFTA panel reviews concluded in 2023, and two remained active (table 5.7).

Table 5.7 Panel reviews under NAFTA Chapter 19 active during 2023 and year-end status

AD = antidumping; IN = injury; CVD = countervailing duty; USDOC = U.S. Department of Commerce; ITA = International Trade Administration; USITC = U.S. International Trade Commission.

Country of determination under panel review	Panel review number	Dispute	Investigating authority	Status
United States	USA-CDA-2020-1904-05	Fabricated structural steel from Canada (IN)	USITC	Terminated September 28, 2023
United States	USA-MEX-2020-1904-04	Fabricated structural steel from Mexico (IN)	USITC	Terminated September 28, 2023
United States	USA-CDA-2020-1904-02	Fabricated structural steel from Canada (AD)	USDOC/ITA	Terminated September 28, 2023
United States	USA-CDA-2017-1904-03	Softwood lumber from Canada (AD)	USDOC/ITA	Affirmed in part on October 5, 2023; remanded in part and remains active.
United States	USA-CDA-2017-1904-02	Softwood lumber from Canada (CVD)	USDOC/ITA	Active

Source: USMCA Secretariat, "Publications," accessed March 13, 2024; USMCA Secretariat, Trade Agreements Secretariat E-filing System, accessed March 19, 2024.

For the three panel reviews concerning certain fabricated structural steel from Canada and Mexico, a consent motion was filed on behalf of the Full Member Subgroup of the American Institute of Steel Construction, LLC, requesting termination of the reviews. The disputes were terminated, and the panel reviews were concluded on September 28, 2023.⁶⁰¹ On October 5, 2023—for the USDOC's affirmative final determination of sales at less than fair value (antidumping) and affirmative final determination of critical circumstances on certain softwood lumber products from Canada—the panel affirmed in part the USDOC's final determination and remanded in part for further explanation on three topics, including the USDOC's differential pricing methodology.⁶⁰²

⁶⁰⁰ USMCA Chapter 34 provides the transitional provisions from NAFTA, under which disputes initiated under NAFTA Chapter 19 may proceed to their conclusion, including any panel review, under Chapter 19. See USMCA, chapt. 34, art. 34.1, (July 1, 2020).

⁶⁰¹ NAFTA, Article 1904...Notice of Completion of Panel Review, 88 Fed. Reg. 68569 (October 4, 2023); NAFTA, Article 1904...Notice of Completion of Panel Review, 88 Fed. Reg. 70930 (October 13, 2023); NAFTA, Article 1904...Notice of Completion of Panel Review, 88 Fed. Reg. 70932 (October 13, 2023).

⁶⁰² USMCA Secretariat, "Publications," accessed March 13, 2024; USMCA Secretariat, Trade Agreements Secretariat E-filing System, accessed March 19, 2024.

Other U.S. FTAs in Force

The United States-Israel FTA

Through work under the United States-Israel FTA Joint Committee addressing acceptance of international standards, Israel opened its market to “imports of a range of U.S. products.”⁶⁰³ At the May 2023 Joint Committee meeting, the United States and Israel reaffirmed their commitment to the negotiation of a permanent Agreement on Trade in Agricultural Products.⁶⁰⁴ The current agreement is a series of one-year extensions of the previous one that expired in 2008. This most recent extension is set to expire in December 2024.⁶⁰⁵

The United States-Jordan FTA

The U.S. government continued to engage with Jordan to monitor labor rights and standards, as well as efforts to promote greater reciprocal exchanges of agricultural and industrial goods and services under the FTA. During the May 2023 United States-Jordan FTA Joint Committee meeting, the countries established the FTA Subcommittee on Environmental Affairs, which will review the implementation of environment commitments. During the meeting, the United States and Jordan also agreed to address several agricultural trade concerns.⁶⁰⁶ Among these issues were improving sampling and inspection procedures. Prior inspection procedures had resulted in the rejection of shipments of U.S.-origin corn.⁶⁰⁷ Jordan also committed to remove its tariff on fertilized poultry eggs from the United States.⁶⁰⁸

The United States continued to monitor labor rights in Jordan pursuant to the labor provisions of the FTA. The two countries previously recognized labor concerns in Jordan’s garment factories and, in 2013, developed the Implementation Plan Related to Working and Living Conditions of Workers (the Implementation Plan) in Jordan to address those concerns. Under the Implementation Plan, USTR reported continued improvements in coordinating inspections in garment factory dormitories in 2023.⁶⁰⁹ The International Labour Organization’s Better Work program, funded by the USDOL, continued to support Implementation Plan objectives.⁶¹⁰

The United States-Chile FTA

In 2023, the United States engaged with Chile to monitor implementation of the United States-Chile FTA’s Environment Chapter and to put into effect trade-related environmental cooperation activities under the 2021–2024 United States-Chile Work Program for Environmental Cooperation. Cooperation focused on fisheries management; combating wildlife trafficking and illegal, unreported, and unregulated fishing; improving forest, wetland, and marine conservation; and promoting environmental justice and

⁶⁰³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 53.

⁶⁰⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 53.

⁶⁰⁵ USTR, “Israel,” accessed May 2, 2024.

⁶⁰⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 54.

⁶⁰⁷ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, 238.

⁶⁰⁸ In September 2023, Jordan modified its tariff schedule, removing the tariff. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 187.

⁶⁰⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 54.

⁶¹⁰ USDOL, “Better Work - Jordan,” accessed May 28, 2024.

education. The United States, Chile, and other South American and Central American countries convened a virtual technical exchange on illegal, unreported, and unregulated fishing in August 2023.⁶¹¹

The United States-Singapore FTA

Following the FTA Joint Committee meeting in October 2021, the United States and Singapore have met to discuss environment, labor, digital trade, supply chains, and intellectual property.⁶¹² Throughout 2023, the two countries engaged to deepen the bilateral trade relationship on regional and international issues, including through Indo-Pacific Economic Framework for Prosperity negotiations (see chapter 4 for discussion of those negotiations).

The United States-Australia FTA

In 2023, the United States met regularly with Australia to monitor implementation of the FTA and review concerns about market access. Specifically, the United States sought access to the Australian market for fresh or frozen beef and pork products, cooked turkey deli meats, apples, and pears, which are currently blocked from the Australian market for sanitary and phytosanitary reasons.⁶¹³ The United States monitored Australia's compliance with FTA obligations for various provisions, including intellectual property protection in the pharmaceutical sector and requirements for Australian content on streaming platforms.⁶¹⁴

The United States-Morocco FTA

The United States-Morocco FTA Joint Committee met in February 2023 to discuss a number of topics, including labor, environment, various agricultural and sanitary and phytosanitary issues, geographical indicators, certain customs issues, intellectual property protection, and a number of textile and apparel matters.⁶¹⁵ The USDOL recognized Morocco as having made “moderate advancement” in its efforts to eliminate the worst forms of child labor.⁶¹⁶ Morocco updated tariffs in line with the phaseout of duties under the FTA. Morocco also imposed additional agricultural safeguards.⁶¹⁷

The United States-Bahrain FTA

The United States-Bahrain FTA Joint Committee did not meet during 2023. The United States initiated labor consultations under the FTA in 2013, and USTR reported that in 2023 they continued to engage with Bahrain on issues related to employment discrimination and freedom of association.⁶¹⁸

The Dominican Republic-Central America-United States FTA (CAFTA-DR)

In 2023 the United States engaged with CAFTA-DR countries on a wide range of issues, including labor law enforcement, trade capacity building, and environmental management. These efforts advance the U.S. Strategy for Addressing the Root Causes of Migration in Central America directed by the President in

⁶¹¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 204.

⁶¹² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 62.

⁶¹³ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, 21–22.

⁶¹⁴ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, 21–22.

⁶¹⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59.

⁶¹⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 60.

⁶¹⁷ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, 257.

⁶¹⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 46.

Executive Order 14010 by promoting a better economic environment to create stability and employment opportunities for citizens within their home countries.⁶¹⁹

The USDOL, the U.S. Agency for International Development (USAID), and the U.S. Department of State (USDOS) continued activities promoting labor rights and improving the enforcement of labor laws in the CAFTA-DR countries. The USDOS also funded programs in Central America to combat labor violence and to create more gender-inclusive workplaces.⁶²⁰ Efforts in 2023 to promote labor rights and improve the enforcement of labor laws included the following:

- The United States continued to work with the Dominican Republic to address forced labor concerns in the sugar industry through meetings of a technical working group formed to improve labor law enforcement in the sugar sector.⁶²¹ In December 2022, the USDOL funded a \$3 million project to empower and engage workers in the sugar sector. The project is part of the USDOL initiative Multilateral Partnership for Organizing, Worker Empowerment, and Rights.⁶²²
- U.S. government officials from USTR and the USDOL visited Honduras to encourage Honduras to make progress on the Labor Rights Monitoring and Action Plan.⁶²³ Both the USDOS and USDOL guided technical cooperation projects on labor issues such as combating labor violence and addressing child and forced labor and workplace safety, respectively.⁶²⁴
- The USAID Regional Human Rights and Democracy activity in Central America worked with the Inter-American Commission on Human Rights and the ILO to conduct training on labor rights and inclusion. Under this umbrella, a Guatemalan project partner successfully found employment opportunities for persons with disabilities. In Honduras, a nongovernmental organization drafted guidelines on preventing abuses and labor harassment for the Honduran government.⁶²⁵

The United States and CAFTA-DR countries coordinate technical assistance under CAFTA-DR through the Trade Capacity Building Committee.⁶²⁶ U.S. government agencies and partners carry out bilateral and regional projects with CAFTA-DR countries to facilitate trade and create inclusive economic opportunities. The active projects in 2023 included:

- The Central America Regional Trade Facilitation and Border Management project supported a program to certify border control officers and provide assistance on implementing the World Trade Organization (WTO) Trade Facilitation Agreement. The program provided technical assistance to the governments of El Salvador, Guatemala, and Honduras on developing transparency reforms to improve and simplify customs clearance procedures.⁶²⁷

⁶¹⁹ Executive Order 14010, 86 Fed. Reg. 8267 (February 2, 2021); National Security Council, “Root Causes Strategy,” July 2021, 5.

⁶²⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 47.

⁶²¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 212.

⁶²² USDOL, “USDOL Grant to Support Sugarcane Workers in Dominican Republic,” December 28, 2022.

⁶²³ The Monitoring and Action Plan, signed in 2015, addresses legal and regulatory frameworks for labor rights, undertaking institutional improvements, intensifying targeted enforcement, and improving transparency. USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 212.

⁶²⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 48.

⁶²⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 48–49.

⁶²⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 50.

⁶²⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 50.

- U.S. government agencies held workshops on the operation of the U.S. regulatory systems, internal standards, and WTO obligations, which also supported the resolution of specific trade issues between the United States and CAFTA-DR countries.⁶²⁸
- The U.S. Department of Agriculture (USDA) held trainings focused on pesticide and biopesticide registration, establishment of internationally approved maximum residue limits, development of risk-based food safety inspection models, increased compliance with U.S. food safety regulations, assistance on agricultural statistics methodologies, and support for international standard-setting bodies.⁶²⁹

The United States and CAFTA-DR countries addressed other trade issues and FTA obligations, including those related to textiles rule of origin and environmental management in 2023:

- The U.S. government, U.S. textile and apparel stakeholders, and manufacturer associations in the CAFTA-DR region worked to develop initiatives “to improve utilization of CAFTA-DR and strengthen the regional supply chain.” The Committee for the Implementation of Textile Agreements received a commercial availability request to modify the CAFTA-DR rules of origin for two fabrics. Determinations in both commercial availability proceedings are to be issued in 2024.⁶³⁰
- Trade and environment officials from the United States and several CAFTA-DR countries met virtually numerous times to monitor and implement CAFTA-DR’s Environment chapter obligations and engage in cooperative activities. In October 2023, the United States and CAFTA-DR partners held a high-level trade and environment meeting in Washington, DC, focused on improving solid waste management, pursuing sustainable critical minerals supply chains, and recycling electronic waste.⁶³¹

The United States-Oman FTA

USTR reported that in 2023 the United States continued to engage with Oman to monitor compliance and enforcement of environmental commitments.⁶³² In May 2023, officials from several U.S. government agencies met with their Omani counterparts and civil society to discuss environmental issues, fisheries subsidies, and Convention on International Trade in Endangered Species of Wild Fauna and Flora implementation efforts.⁶³³

The United States-Peru Trade Promotion Agreement (TPA)

In 2023, the United States engaged with Peru on issues, including forestry and labor law enforcement. Discussion between the United States and Peru continued on logging issues under the TPA Annex on Forest Sector Governance (Forest Annex). The Forest Annex includes steps and monitoring tools for Peru to strengthen forest sector governance and combat illegal logging and illegal trade in timber and wildlife products. The United States extended a denial of entry order that targets a Peruvian timber exporter (Inversiones La Oroza S.R.L.) and was originally scheduled to lapse in 2023. The Interagency Committee

⁶²⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 50.

⁶²⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 50.

⁶³⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 229.

⁶³¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 202.

⁶³² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 66, 200.

⁶³³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 206.

on Trade in Timber Products from Peru directed that the importation ban, based on “illegally harvested timber found in its supply chain,” will remain in place until the government of Peru is able to demonstrate that the producer has complied with all applicable forestry laws and regulations.⁶³⁴

In July 2023, the USDOL visited Lima, Peru to review issues related to Peru’s adoption, maintenance, and effective enforcement of laws and practices that protect labor rights that were identified in a submission under the TPA Labor chapter, in particular with regard to Peru’s laws on nontraditional exports and the use of temporary contracts in the textiles and agricultural sectors. The USDOL continued funding four technical assistance projects targeting Peru’s enforcement of labor laws and compliance with the Labor chapter. This includes supporting projects addressing working conditions in the fishing sector and promoting unionization and labor advocacy participation in policy deliberations.⁶³⁵

The United States-Korea FTA (KORUS)

During 2023, the United States continued to use the committees and working groups to raise and resolve trade issues and ensure South Korea (Korea) is implementing its obligations under KORUS. KORUS Committees on Agricultural Trade and Sanitary and Phytosanitary (SPS) Matters met in August 2023 to discuss “establishing residue limits for imports of U.S. meat and poultry into Korea, Korean labeling regulations affecting U.S. meat and dairy products, pesticide registration requirements, and Korea’s approval procedures for products of agricultural biotechnologies.”⁶³⁶ USTR and the USDOL continued to engage with Korean government officials on compliance with labor rights obligations under KORUS throughout 2023.⁶³⁷ USTR participated in Textile Committee Meetings in November 2023 to discuss procedural steps in response to Korea’s request to amend the rules of origin for certain woven fabrics to permit the use of specified non-originating yarns.⁶³⁸

The United States-Colombia TPA

During 2023, the United States and Colombia held numerous TPA committee meetings. The Agriculture and SPS Committees discussed U.S. market access for meat products, Colombia’s dairy lactic acid requirements, countervailing duties on imports of U.S. ethanol, and other SPS-related market access issues.⁶³⁹ Additionally, USTR and the USDA requested that Colombia continue issuing import permits for certain U.S. poultry products.⁶⁴⁰ The TPA Textile Committee held capacity-building seminars for Colombian private sector stakeholders and government partners.⁶⁴¹ The United States and Colombia worked on public outreach for the operation of the Secretariat for Environmental Enforcement Matters, which receives submissions from the public on matters regarding enforcement of environmental laws.⁶⁴²

The United States and Colombia worked on labor law enforcement throughout 2023, following Colombia’s efforts to implement specific recommendations from a 2017 USDOL report.⁶⁴³ The USDOL

⁶³⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 61.

⁶³⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 61.

⁶³⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 191.

⁶³⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 211.

⁶³⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 229–30.

⁶³⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 190.

⁶⁴⁰ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 52.

⁶⁴¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 229.

⁶⁴² USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 204.

⁶⁴³ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 2024, 97.

posted a Labor Attaché to the U.S. Embassy in Bogota to support these efforts and to engage with Colombian officials and stakeholders. The USDOL also led technical assistance projects in Colombia that aim to improve labor law enforcement and promote labor rights covered by the United States-Colombia TPA.⁶⁴⁴

The United States-Panama TPA

The Committee on Trade Capacity Building (TCB) held its second meeting under the United States-Panama Joint Committee in April 2023 to identify collaboration opportunities to support agricultural production and trade. The USDA is currently supporting three TCB programs in the agricultural sector in Panama. The United States also continued cooperation on labor-related topics of mutual interest in 2023, through the Cooperative Labor Dialogue under the TPA.⁶⁴⁵

In 2023, the two countries continued to monitor implementation of the TPA through the Secretariat for Environmental Enforcement Matters, which promotes public participation in identifying environmental enforcement issues. The United States provided capacity-building assistance to Panama in support of the United States-Panama Environmental Cooperation Commission 2023–2026 Work Program. This included supporting efforts to strengthen Convention on International Trade in Endangered Species of Wild Fauna and Flora implementation, combat wildlife trafficking and illegal logging, improve air quality, and promote public participation in the development of environmental conservation activities. In August 2023, the United States and Panama held a virtual technical exchange on illegal, unreported, and unregulated fishing with other South American and Central American countries.⁶⁴⁶

⁶⁴⁴ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 212.

⁶⁴⁵ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 60.

⁶⁴⁶ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 205.

Chapter 6

U.S. Developments with Selected Trading Partners in 2023

This chapter reviews developments in U.S. bilateral trade relations in 2023 with eight selected trading partners. The United States' six largest trading partners—the European Union (EU), Canada, Mexico, China, the United Kingdom (UK), and Japan—were selected on the basis of their bilateral trade value in goods and services with the United States as well as the extent of trade policy activity between those countries and the United States in 2023. The other two—Taiwan and Kenya—were selected on the basis of the extent of trade policy activities and engagement they had with the United States in 2023. This chapter begins with a depiction of merchandise trade between the United States and its 10 largest merchandise trade partners. Additional statistics on U.S. trade in goods and services in 2023 with the largest trading partners can be found in the online [interactive dashboard](#) for this report.

U.S. Merchandise Trade with Major Trading Partners

U.S. total merchandise exports were \$2,018.1 billion in 2023, down \$48.4 billion, or 2.3 percent, from 2022 (table 6.1). U.S. exports to the EU, the largest U.S. export destination in 2023, experienced an increase in 2023, growing by 5.0 percent from 2022. In contrast, U.S. exports to other leading trading partners experienced a general decline. The combined exports to United-States-Mexico-Canada Agreement (USMCA) partners—Canada and Mexico—decreased by \$6.3 billion from 2022 to 2023, a 0.9 percent reduction. Exports to South Korea fell by \$7.0 billion, a 9.8 percent decrease during the same period. Exports to other free trade agreement (FTA) partners saw a more significant drop (in value terms) of \$11.9 billion, a 5.5 percent decrease from 2022 to 2023. U.S. exports to China, Japan, and Taiwan fell by \$6.3 billion (4.1 percent), \$4.5 billion (5.7 percent), and \$4.0 billion (9.1 percent), respectively. India and Vietnam also saw substantial percentage drops of 14.0 percent and 13.2 percent respectively, from 2022 to 2023. Overall, non-FTA partners collectively accounted for 53.1 percent of total U.S. exports in 2023 and experienced a \$23.1 billion (or 2.1 percent) decline.

Table 6.1 U.S. merchandise exports, by leading trading partners, annual, 2022–23

In billions of dollars and percentages. USMCA = United States-Mexico-Canada Agreement; FTA = free trade agreement; EU = European Union; UK = United Kingdom.

Trading partner	2022 (billions \$)	2023 (billions \$)	Absolute change, 2022–23 (billions \$)	Percentage change, 2022–23 (%)
Canada	359.2	354.4	–4.9	–1.4
Mexico	324.2	322.7	–1.5	–0.5
USMCA trading partners	683.4	677.1	–6.3	–0.9
South Korea	72.1	65.1	–7.0	–9.8
Other FTA trading partners	215.3	203.4	–11.9	–5.5
FTA partner total	970.9	945.6	–25.3	–2.6
EU	350.3	367.6	17.4	5.0
China	154.1	147.8	–6.3	–4.1
Japan	80.2	75.7	–4.5	–5.7
UK	76.2	74.3	–1.9	–2.5
Taiwan	44.0	40.0	–4.0	–9.1
India	46.9	40.4	–6.6	–14.0
Vietnam	11.3	9.8	–1.5	–13.2
Other non-FTA trading partners	332.5	316.9	–15.6	–4.7
Non-FTA trading partner total	1,095.6	1,072.5	–23.1	–2.1
U.S. total exports	2,066.5	2,018.1	–48.4	–2.3

Source: USITC DataWeb/Census, total exports, accessed July 2, 2024.

U.S. total merchandise imports were \$3,080.2 billion in 2023, a decrease of \$159.7 billion, or 4.9 percent, from 2022 (table 6.2). Imports from Canada decreased by \$18.8 billion (4.3 percent), and imports from Mexico totaled \$475.2 billion in 2023, up 5.1 percent (\$23.2 billion) from 2022, surpassing China as second-largest exporter to the United States. This led to an overall modest increase of 0.5 percent from the USMCA trading partners. Imports from South Korea and other FTA partners grew by \$0.8 billion and \$3.9 billion (or 0.7 percent and 2.5 percent), respectively, from 2022 to 2023, contributing to a total increase of \$9.1 billion (0.8 percent) from all FTA partners. Conversely, U.S. imports from non-FTA partners experienced a substantial decline of \$168.8 billion (8.1 percent) from 2022 to 2023, which played a major role in the overall reduction in U.S. imports. Imports from the EU, the largest source of U.S. imports in 2023, increased by 4.2 percent. China fell from the second- to third-largest import source after U.S. imports from China plummeted by \$109.4 billion, or 20.4 percent. Similarly, imports from Japan, Taiwan, India, and Vietnam saw decreases of \$0.8 billion (0.5 percent), \$4.0 billion (4.3 percent), \$1.8 billion (2.2 percent), and \$13.1 billion (10.3 percent), respectively, from 2022 to 2023.

Table 6.2 U.S. merchandise imports, by leading trading partners, annual, 2022–23

In billions of dollars and percentages. USMCA = United States-Mexico-Canada Agreement; FTA = free trade agreement; EU = European Union; UK = United Kingdom.

Trading partner	2022 (billions \$)	2023 (billions \$)	Absolute change, 2022–23 (billions \$)	Percentage change, 2022–23 (%)
Canada	437.4	418.6	–18.8	–4.3
Mexico	452.0	475.2	23.2	5.1
USMCA trading partners	889.5	893.8	4.4	0.5
South Korea	115.3	116.2	0.8	0.7
Other FTA trading partners	157.3	161.2	3.9	2.5
FTA partner total	1,162.1	1,171.2	9.1	0.8
EU	553.1	576.3	23.2	4.2
China	536.3	426.9	–109.4	–20.4
Japan	148.0	147.2	–0.8	–0.5
UK	63.9	64.2	0.3	0.5
Taiwan	91.7	87.8	–4.0	–4.3
India	85.5	83.7	–1.8	–2.2
Vietnam	127.5	114.4	–13.1	–10.3
Other non-FTA trading partners	471.8	408.5	–63.3	–13.4
Non-FTA trading partner total	2,077.8	1,909.0	–168.8	–8.1
U.S. total imports	3,239.9	3,080.2	–159.7	–4.9

Source: USITC DataWeb/Census, general imports, accessed July 2, 2024.

European Union

Major trade developments between the United States and the EU in 2023 include the fourth ministerial meeting of the U.S.-EU Trade and Technology Council (TTC), the start of negotiations on the U.S.-EU Critical Minerals Agreement, and continued negotiations on the Global Arrangement on Sustainable Steel and Aluminum. This section also covers the EU's Carbon Border Adjustment Mechanism (CBAM) regulation, the U.S.-EU Tariff-Rate Quota (TRQ) Agreement, and the U.S.-EU Small and Medium-Sized Enterprise Workshop.

Trade and Technology Council

Across its 10 working groups, the TTC has been the principal coordination mechanism for U.S.-EU engagement on various trade and technology issues since its inaugural meeting in September 2021.⁶⁴⁷ On May 31, 2023, the TTC held its fourth ministerial meeting in Lulea, Sweden. The following initiatives and developments took place at the TTC in 2023:

- The TTC held the second principal-level session of the Trade and Labor Dialogue at the May TTC ministerial meeting.⁶⁴⁸ Labor, business, and government participants issued the Joint Statement

⁶⁴⁷ USTR, “U.S.-E.U. Trade and Technology Council (TTC),” accessed May 5, 2024; USTR, “U.S.-EU Trade and Technology Council Inaugural Joint Statement,” September 29, 2021.

⁶⁴⁸ White House, “U.S.-EU Joint Statement of the Trade and Technology Council,” May 31, 2023.

on Transatlantic Forced Labor Trade Strategy, which proposed a new set of joint recommendations to combat forced labor in global supply chains.⁶⁴⁹

- On March 10, 2023, the U.S.-EU Clean Energy Incentives Dialogue was begun to share information about the United States' and the EU's respective clean energy incentive programs. The dialogue focuses on ensuring that the programs are mutually reinforcing and do not disrupt transatlantic trade and investment flows.⁶⁵⁰ Additionally, the TTC continued its support of the Transatlantic Initiative on Sustainable Trade by endorsing a work program.⁶⁵¹ The work program outlines milestones for the TTC to work toward to boost trade and investment for a green transition and for resilient and sustainable supply chains.⁶⁵²
- The TTC established three dedicated expert groups under the Joint Roadmap on Evaluation and Measurement Tools for Trustworthy AI and Risk Management (Joint Roadmap).⁶⁵³ The TTC also pledged to organize a Digital Ministerial Roundtable on Inclusion and Connectivity to support the digitalization needs of emerging economies and announced the Talent for Growth Task Force (introduced on April 27, 2023) to promote the development of skills for U.S. and EU working-age populations needed to compete in existing and emerging technologies.⁶⁵⁴
- The United States and the EU held discussions at the TTC ministerial on how to address nonmarket policies, particularly regarding the semiconductor industry. The United States and the EU announced the completion of a joint early warning mechanism for semiconductor supply chain disruptions. In their joint statement, the United States and the EU also promised to exchange information and market intelligence related to nonmarket practices affecting the supply of semiconductors, including the amount of public support provided to the sector.⁶⁵⁵

Critical Minerals Agreement Negotiations

On March 10, 2023, President Biden and EU President Ursula von der Leyen announced the start of negotiations on a targeted critical minerals agreement. The proposed agreement's purpose is to allow EU firms to qualify for the clean vehicle tax credit under the Inflation Reduction Act.⁶⁵⁶ Broader goals identified by the EU and the United States include offsetting EU concerns about the Inflation Reduction Act; boosting mineral production in the United States, the EU, and U.S. free trade partners; and expanding access to sources that are sustainable, trusted, and free of labor abuses.⁶⁵⁷ Previously, the U.S.-EU Task Force on the Inflation Reduction Act, launched on October 25, 2022, worked to enhance

⁶⁴⁹ USTR, "U.S.-EU Tripartite Trade and Labor Dialogue (TALD) Social Partner Joint Statement on Transatlantic Forced Labor Trade Strategy," May 31, 2023.

⁶⁵⁰ White House, "Joint Statement by President Biden and President von Der Leyen," March 10, 2023.

⁶⁵¹ White House, "U.S.-EU Joint Statement of the Trade and Technology Council," May 31, 2023.

⁶⁵² EC, "Annex I: Transatlantic Initiative on Sustainable Trade - Work Programme," May 31, 2023.

⁶⁵³ The three expert groups started under the Joint Roadmap to focus on (1) AI terminology and taxonomy, (2) cooperation on artificial intelligence (AI) standards and tools for trustworthy AI and risk management, and (3) monitoring and measuring existing and emerging AI risks. White House, "U.S.-EU Joint Statement of the Trade and Technology Council," May 31, 2023.

⁶⁵⁴ White House, "U.S.-EU Joint Statement of the Trade and Technology Council," May 31, 2023.

⁶⁵⁵ White House, "U.S.-EU Joint Statement of the Trade and Technology Council," May 31, 2023.

⁶⁵⁶ White House, "Joint Statement by President Biden and President von Der Leyen," March 10, 2023.

⁶⁵⁷ European Council, "Trade with the United States: Council Authorises Negotiations on EU-US Critical Minerals Agreement," July 20, 2023; White House, "Joint Statement by President Biden and President von Der Leyen," March 10, 2023.

understanding of the act’s intentions and coordination between the two governments.⁶⁵⁸ At the end of 2023, negotiations on a targeted critical minerals agreement were still ongoing. Remaining challenges between the two negotiating parties include differing opinions on the enforcement mechanisms to ensure observance of the labor and environmental standards outlined and the range of critical minerals to be covered.⁶⁵⁹

Global Arrangement on Sustainable Steel and Aluminum

In 2023, the United States and the EU continued negotiations to address global nonmarket excess capacity and the emissions intensity of the steel and aluminum industries. The United States and the EU announced the start of negotiations for the Global Arrangement on Sustainable Steel and Aluminum (Global Arrangement) in October 2021.⁶⁶⁰ Furthermore, in October 2021 the United States and the EU announced an interim agreement: substituting the United States’ additional section 232 duties on EU steel and aluminum with TRQs based on historical volumes of EU steel and aluminum imports. At the same time, the EU suspended its retaliatory tariffs on U.S. products, and the United States and the EU suspended WTO dispute proceedings related to section 232 and certain U.S. products, respectively.⁶⁶¹

The original Global Arrangement negotiation deadline of October 2023 was extended until the end of 2023. Although negotiations were ongoing at year-end 2023, on December 19, 2023, the EU extended the suspension of its retaliatory tariffs on U.S. goods until March 31, 2025, thereby extending the interim U.S.-EU deal made in October 2021.⁶⁶² Similarly, the United States extended the EU’s access to U.S. TRQs for steel and aluminum for two additional years until December 31, 2025.⁶⁶³

Other Developments in 2023

On October 1, 2023, the EU began the two-year transitional period for its CBAM regulation.⁶⁶⁴ To prevent “carbon leakage,” CBAM puts a price on the carbon emitted during the production of a carbon-intensive good entering the EU.⁶⁶⁵ In the transitional phase, EU importers of aluminum, cement, electricity, fertilizers, hydrogen, iron, and steel must report the volume of their imports and the associated carbon

⁶⁵⁸ USITC, *The Year in Trade 2022*, December 2023, 173.

⁶⁵⁹ CRS, *Proposed U.S.-EU Critical Minerals Agreement*, April 2, 2024, 2.

⁶⁶⁰ USDOC, “Steel & Aluminum U.S.-EU Joint Statement,” October 31, 2021.

⁶⁶¹ Also see chapter 2 section on National Security Investigations. USITC, *The Year in Trade 2022*, December 2023, 84; USITC, *The Year in Trade 2021*, August 2022, 179.

⁶⁶² EC, “EU Prolongs Tariff Suspension for US Products Related to the Steel and Aluminium Dispute,” December 19, 2023.

⁶⁶³ USTR, “Statement from Ambassador Katherine Tai on Steel and Aluminum Tariff Rate Quota Extension,” December 28, 2023.

⁶⁶⁴ EC, “Carbon Border Adjustment Mechanism (CBAM) Starts to Apply in Its Transitional Phase,” September 29, 2023.

⁶⁶⁵ According to the European Commission, “carbon leakage” occurs “when companies based in the EU move carbon-intensive production abroad to countries where less stringent climate policies are in place than in the EU, or when EU products get replaced by more carbon-intensive imports.” EC, “Carbon Border Adjustment Mechanism,” accessed May 9, 2024.

emissions from production.⁶⁶⁶ The collection of fees and CBAM administration on all sectors will begin in 2026. According to USTR, because the United States does not have a carbon tax program with explicit prices, U.S. exports may not be eligible for any tax credits CBAM offers for foreign carbon tax programs.⁶⁶⁷

On January 17, 2023, the United States and the EU signed an agreement to update the EU's TRQs for certain U.S. agricultural products. The agreement preserves U.S. access to the EU market for various agricultural commodities, including rice, almonds, wheat, and corn, following the UK's departure from the EU. The TRQ allocations are based on the historical pattern of U.S. agricultural exports to the EU member states.⁶⁶⁸

On September 13, 2023, the United States and the EU held the 12th U.S.-EU Small and Medium-Sized Enterprise (SME) Workshop as an opportunity for SMEs to directly interact with government officials. Topics discussed included advancing SME participation in trade through the TTC, SME access to finance, and strategies for equitable growth in both the United States and the EU.⁶⁶⁹

Canada

In 2023, the Canadian government published its latest draft legislation for a digital services tax (DST). Other 2023 developments include Canada's plastic waste strategy and laws regarding imports of clean fuel. This section also summarizes engagements with Canada under the United States-Mexico-Canada Agreement (USMCA).

Digital Service Taxation

On August 4, 2023, the Canadian government published its latest draft legislation for a DST.⁶⁷⁰ Canada proposed a DST that could be imposed after January 1, 2024, with retroactive effect to January 1, 2022.⁶⁷¹ This move came despite the adoption of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalization of the Economy (Two-Pillar

⁶⁶⁶ EC, "Carbon Border Adjustment Mechanism (CBAM) Starts to Apply in Its Transitional Phase," September 29, 2023.

⁶⁶⁷ The United States has non-price mechanisms for reducing carbon emissions, but these may not qualify U.S. exports for any tax credits or exceptions that CBAM offers for foreign carbon tax programs. USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 159.

⁶⁶⁸ USTR, "U.S., EU Sign Tariff Rate Quota Agreement," January 17, 2023.

⁶⁶⁹ USTR, "12th United States-European Union Small- and Medium-Sized Enterprise Workshop in Birmingham, Alabama," September 13, 2023.

⁶⁷⁰ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 46. The Canadian government first proposed a DST in November 2020, followed by draft legislation in December 2021. The law proposed a 3 percent fee on large firms' Canadian digital services revenue, which includes internet advertising and social media services. Government of Canada, "Digital Services Tax Act," December 14, 2021.

⁶⁷¹ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 46. In 2022, the United States expressed concerns over Canada's proposed Digital Services Tax Act and data protection, urging the Canadian government to recommit to the OECD/G20 Statement. Despite USTR's efforts, the Canadian government reaffirmed its plans to proceed with the proposed tax, highlighting the ongoing digitalization challenges. USITC, *The Year in Trade 2022*, December 2023, 179.

Solution), which calls for no future introduction of DSTs (see chapter 4, OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting section).⁶⁷²

In its *2024 National Trade Estimate Report*, the Office of the U.S. Trade Representative (USTR) noted that most DSTs discriminate against U.S. companies, as they effectively exclude national firms based in the taxing country that are engaged in similar business. Furthermore, USTR indicated that Canada's proposed DST could create significant retroactive tax liabilities that would have immediate consequences for U.S. companies.⁶⁷³ At the second USMCA SME Dialogue in Mexico City in September 2023, Deputy U.S. Trade Representative Jayme White (Ambassador White) met with Canada's Deputy Minister for International Trade Rob Stewart to discuss the DST. Ambassador White expressed concern over the proposed DST and encouraged Canada to redouble its commitment to the Two-Pillar Solution.⁶⁷⁴ Through the end of 2023, the United States and Canada continued discussions on the DST.⁶⁷⁵

Certain Environmental Regulations

In 2023, the United States and Canada held discussions on Canadian environmental rules that had the potential to impact U.S. exports to Canada. The government of Canada released a Regulatory Framework Paper in April 2023, which detailed proposed restrictions for plastic packaging and specific single-use plastics. Regulations about the standards for labeling, recyclability content, and the establishment of a plastics registry were still in the draft stages at the end of 2023. The U.S. Department of Commerce (USDOC) International Trade Administration (ITA) stated that the United States has been engaging with Canada on potential trade impacts of these regulations.⁶⁷⁶

In June 2023, Canada reached a consensus with the United States on how U.S. producers can fulfill producer declaration requirements for exporters of feedstocks and biofuel to Canada. In November 2023, Canada acknowledged that U.S. feedstocks meet the Land Use and Biodiversity criteria outlined in its Clean Fuel Regulations.⁶⁷⁷ These developments address regulatory obstacles faced by U.S. exporters of biodiesel, ethanol, and biofuel feedstock to Canada, estimated to be worth \$3.2 billion in 2023.⁶⁷⁸

Developments under the USMCA

The United States and Canada also engaged through the USMCA mechanisms on several issues. One major development between the United States and Canada under the USMCA in 2023 was the finding

⁶⁷² OECD, "Statement on a Two-Pillar Solution," October 8, 2021, 1. The G20 is an international forum, made up of 19 countries and the European Union, representing the world's major developed and emerging economies.

⁶⁷³ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 46.

⁶⁷⁴ USTR, "Readout of Ambassador Jayme White's Meeting with Canada's Deputy Minister for International Trade Rob Stewart," September 21, 2023.

⁶⁷⁵ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 46.

⁶⁷⁶ USDOC, ITA, "Canada - Trade Barriers," November 4, 2023.

⁶⁷⁷ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 189. The Clean Fuel Regulations in Canada was registered on June 21, 2022, with the aim to reduce emissions, promote clean technologies and fuels, and create sustainable jobs in various sectors, including clean technology, agriculture, and low-carbon energy. Government of Canada, "Consolidated Federal Laws of Canada, Clean Fuel Regulations," June 21, 2022; USITC, *The Year in Trade 2022*, December 2023, 179–80.

⁶⁷⁸ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 189.

against the United States of a dispute settlement panel released to the public on November 24, 2023, regarding Canada's dairy TRQ allocation measures under the USMCA (see chapter 5).⁶⁷⁹ On May 2, U.S. Trade Representative Katherine Tai (Ambassador Tai) met with the Canadian Minister of Export Promotion, International Trade and Economic Development Mary Ng. They discussed cooperation in multilateral forums, the ongoing consultations under the USMCA on specific Mexican energy and agricultural biotechnology measures that impact U.S. and Canadian investments and exports, and the possible impacts of recent changes in Mexico's mining laws (for discussion of agricultural biotechnology, see the USMCA Disputes section in chapter 5). They also discussed Canada's proposed DST, where Ambassador Tai expressed desire for cooperation to address unfair impacts on U.S. businesses.⁶⁸⁰

Mexico

The primary focus of the U.S.-Mexico bilateral relationship in 2023 was the ongoing implementation of the USMCA. Major developments regarding Mexico under the USMCA are summarized below and discussed in more detail in chapter 5 of this report. Additionally, several developments were related to the U.S.-Mexico High-Level Economic Dialogue.

Developments Under the USMCA in 2023

May 1, 2023, signified the end of Mexico's four-year period for implementing labor reforms related to collective bargaining.⁶⁸¹ The United States invoked the Facility-Specific Rapid Response Mechanism 13 times in 2023 (and 18 times overall) against various facilities in Mexico, regarding the denial of workers' rights, and requested a dispute panel in one (see the section in chapter 5 of this report on Labor under the USMCA).⁶⁸²

On August 17, 2023, the United States requested establishment of a dispute settlement panel concerning Mexico's decree banning glyphosate and certain products of agricultural biotechnology. USTR asserted that Mexico's policy impedes U.S. exports of corn to Mexico.⁶⁸³ For a more detailed discussion, see the Dispute Settlement section under the USMCA in chapter 5.

In September 2023, the United States and Mexico reviewed USMCA environmental commitments and emphasized enforcement collaboration in addressing environmental and climate change issues.⁶⁸⁴ Also in September, the second USMCA Small and Medium-Sized Enterprise (SME) Dialogue occurred in Mexico City. The dialogue covered topics such as women-owned businesses in North American trade, the

⁶⁷⁹ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 43.

⁶⁸⁰ USTR, "Readout of Ambassador Katherine Tai's Meeting with Canada's Minister of International Trade, Export Promotion, Small Business, and Economic Development, Mary Ng," May 2, 2023; USITC, *The Year in Trade 2022*, December 2023, 153–55; USTR, "Readout of Ambassador Katherine Tai's Meeting with Canada's Minister of International Trade, Export Promotion, Small Business, and Economic Development, Mary Ng," July 6, 2023.

⁶⁸¹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59.

⁶⁸² USTR, "United States Seeks Mexico's Review of Alleged Denial of Workers' Rights at Fujikura Automotive Mexico," December 14, 2023.

⁶⁸³ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 59, 101; USTR, "United States Establishes USMCA Dispute Panel on Mexico's Agricultural Biotechnology Measures," August 17, 2023.

⁶⁸⁴ USTR, "Update from the Third Meeting of the Environment Committee under the United States-Mexico-Canada Agreement (USMCA)," September 28, 2023.

digitalization of SMEs and e-commerce, financial inclusion of SMEs in export financing, and the procedures for exporting within the USMCA region.⁶⁸⁵

Under the USMCA, the United States continued consultations with Mexico that began in 2022 concerning Mexican energy policy changes that allegedly threaten U.S. energy companies operating in Mexico.⁶⁸⁶

U.S. Mexico High-Level Economic Dialogue

The U.S.-Mexico High-Level Economic Dialogue is a platform for collaboration on economic and commercial issues.⁶⁸⁷ Senior government officials met on September 29, 2023, to discuss joint accomplishments and future collaboration plans in areas such as cybersecurity, trademark and copyright infringement, 5G and information and communications technology (ICT), and climate change.⁶⁸⁸

The High-Level Economic Dialogue centers around four pillars: Building Back Together (Pillar One), Promoting Sustainable Economic and Social Development in Southern Mexico and Central America (Pillar Two), Securing the Tools for Future Prosperity (Pillar Three), and Investing in Our People (Pillar Four).⁶⁸⁹ The following section describes each pillar and activities undertaken in 2023.

- Pillar One seeks to strengthen U.S.-Mexican supply chains and to limit trade disruptions. In 2023, the United States and Mexico initiated an action plan on semiconductor supply chains.⁶⁹⁰ The two governments cooperated to promote environmental technologies in the border region, focusing on air quality, climate change, and water management.⁶⁹¹ They also continued in-person border infrastructure and border management meetings, in March and July 2023, to coordinate border infrastructure and modernization projects.⁶⁹² The United States and Mexico also continued the Medical Device Regulatory Convergence Project, which aims to improve the processes of the medical equipment trade.⁶⁹³
- Pillar Two aims to improve livelihoods in southern Mexico and Central America through the creation of jobs and opportunities. In 2023, the U.S. Agency for International Development collaborated with the Mexican government on projects promoting sustainable development in south and southeast Mexico, El Salvador, Guatemala, and Honduras.⁶⁹⁴

⁶⁸⁵ USTR, “The Office of the U.S. Trade Representative, Small Business Administration and Department of Commerce Convene the Second USMCA Small and Medium-Sized Enterprise Dialogue,” September 21, 2023.

⁶⁸⁶ For more information see USITC, *The Year in Trade 2022*, December 2023, 155; USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 100–101.

⁶⁸⁷ White House, “Fact Sheet: U.S.-Mexico Bilateral Cooperation,” June 8, 2021.

⁶⁸⁸ USTR, “Joint Statement Following the 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁸⁹ USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹⁰ USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹¹ USDOC, ITA, “High-Level Economic Dialogue (HLED) Mid-Year Review Fact Sheet,” April 22, 2023, 3.

⁶⁹² USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹³ USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹⁴ The joint projects are titled “Sembrando Oportunidades,” [sowing opportunities] “Root Causes Strategy,” “Jóvenes Construyendo el Futuro,” [youth building the future] and “Sembrando Vida,” [sowing life] which began in the latter half of 2023. USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023; ITA, “High-Level Economic Dialogue (HLED) Mid-Year Review Fact Sheet,” April 22, 2023, 4.

- Pillar Three addresses regulatory compatibility and risk mitigation in ICT. In 2023, the United States and Mexico reported holding a forum focused on 5G, ICT investment and trade, and ICT networks.⁶⁹⁵
- Pillar Four promotes economic initiatives for SMEs and underrepresented communities. During 2023, the U.S and Mexican governments both agreed to revise their commitments in the Inclusive Micro-Small-Medium-Enterprise (MSME) Development Work Plan under the U.S.-Mexico High-Level Economic Dialogue.⁶⁹⁶ The countries also developed a campaign for SMEs to promote original content and to limit or completely remove counterfeit and pirated goods from supply chains.⁶⁹⁷ At events in May, June, and July, Mexico and the United States collaborated on workforce development within strategic industries, such as semiconductors, automotive, electronics, medical devices, and agri-food, through various forums.⁶⁹⁸

Other Developments in 2023

Mexico attended the November 2023 Leaders' Summit for the Americas Partnership for Economic Prosperity (APEP). Representatives pledged to advance inclusive and sustainable trade and drive economic growth in the region (see chapter 4 section on APEP).⁶⁹⁹ In October 2023, the United States raised concerns over a Mexican decree that grants tax incentives for investment in key export sectors, highlighting concerns about “the provision of benefits that are contingent upon the export or sale for export of products.”⁷⁰⁰

China

Major developments in 2023 include the four-year review of the China section 301 investigation and the updated enforcement strategy of the Uyghur Forced Labor Prevention Act (UFLPA). Additionally, this section describes expanded export controls concerning semiconductors and supercomputers, and outbound investment restrictions in sensitive technologies.

Section 301 Investigation Four-Year Review

In 2018, USTR conducted a section 301 investigation and determined that China's acts, policies, and practices related to technology transfer, intellectual property, and innovation were unreasonable or discriminatory and burdened or restricted U.S. commerce. Consequently, the United States imposed four rounds of increased tariffs on about two-thirds (about \$550 billion in value) of U.S. imports from

⁶⁹⁵ USTR, “Fact Sheet: U.S.-Mexico High-Level Economic Dialogue Mid-Year Review,” April 18, 2023.

⁶⁹⁶ USTR, “Fact Sheet: U.S.-Mexico High-Level Economic Dialogue Mid-Year Review,” April 18, 2023; USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹⁷ USTR, “Fact Sheet: U.S.-Mexico High-Level Economic Dialogue Mid-Year Review,” April 18, 2023.

⁶⁹⁸ USTR, “Fact Sheet: 2023 U.S.-Mexico High-Level Economic Dialogue,” September 29, 2023.

⁶⁹⁹ USTR, *2024 Trade Policy Agenda and 2023 Annual Report*, March 2024, 44.

⁷⁰⁰ Key export sectors include food products, fertilizers, pharmaceuticals, electronics, medical equipment, automotive parts, aircraft engines, and audiovisual works. USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 256; Greenberg Traurig LLP, “Mexico Publishes Decree Granting Tax Benefits for the Export Industry to Promote Nearshoring,” October 13, 2023.

China.⁷⁰¹ The statutory four-year review of the section 301 tariffs that was initiated in 2022 continued throughout 2023.⁷⁰² For more information on the section 301 investigation, see chapter 2, Section 301 Investigations.

Enforcing the Uyghur Forced Labor Prevention Act

To ensure that goods made with forced labor in the Xinjiang Uyghur Autonomous Region of China do not enter the U.S. market, the United States enacted the Uyghur Forced Labor Prevention Act (UFLPA) on December 23, 2021.⁷⁰³ This legislation empowered the interagency Forced Labor Enforcement Task Force (FLETF) to develop a 2022 UFLPA strategy to prohibit imports made by forced labor in China's Xinjiang region from coming into the United States.⁷⁰⁴ On August 1, 2023, the FLETF updated this strategy, addressing two major components of the UFLPA. The first update included the expansion of the list of entities in Xinjiang considered to employ forced labor. The second update included descriptions of additional types of resources and coordination among agencies to improve enforcement of the ongoing requirement that importers prove that imported goods are not produced, wholly or in part, with forced labor.⁷⁰⁵ In 2023, CBP reviewed more than 4,000 shipments valued at more than \$1.4 billion.⁷⁰⁶

In September 2023, the U.S. Department of State (USDOS), along with other U.S. government agencies, issued an advisory report to businesses that summarizes U.S. government and nongovernmental reports and statements on state-sponsored forced labor and human rights abuses in Xinjiang.⁷⁰⁷ In a statement

⁷⁰¹ For further discussion of tariff tranches and the exclusion process, see USITC, *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*, May 2023, 62–70; USTR, “China Section 301-Tariff Actions and Exclusion Process,” accessed May 5, 2024, 301.

⁷⁰² Initiation of Four-Year Review Process: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, 87 Fed. Reg. 26797 (May 5, 2022).

⁷⁰³ The U.S. government estimated that since April 2017, the Chinese government has detained more than 1 million Uyghurs, ethnic Kazakhs, Hui, and members of other Muslim groups, as well as some Christians. USDOS, “Implementation of the Uyghur Forced Labor Prevention Act,” June 21, 2022; UFLPA of 2021, Pub. L. No. 117-78, 135 Stat. 1529 (codified at 22 U.S.C. § 6901 note); USDOS, “Addendum to July 2021 Advisory on the Risks and Considerations for Businesses and Individuals with Exposure to Entities,” September 26, 2023, 2.

⁷⁰⁴ The FLETF is a USDHS-led task force of interagency partners that are dedicated to monitoring the enforcement of the prohibition on importing goods made wholly or in part with forced labor into the United States. Forced labor includes the use of forced, convict, and indentured labor, including forced or indentured child labor. USDHS, *2023 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China*, July 26, 2023, 4.

⁷⁰⁵ The FLETF considers additions to the Entity List using the criteria described in the UFLPA. Under the UFLPA's rebuttable presumption, imports produced in Xinjiang or by entities on the UFLPA Entity List are banned. Importers must demonstrate that their goods were not produced with forced labor or that the UFLPA does not apply. USDHS, *2023 Updates to the Strategy to Prevent the Importation of Goods Mined, Produced, or Manufactured with Forced Labor in the People's Republic of China*, July 26, 2023; USDHS, “UFLPA Entity List,” accessed May 5, 2024; USTR, “Forced Labor Enforcement Task Force Publishes Updated Uyghur Forced Labor Prevention Act Strategy,” August 1, 2023.

⁷⁰⁶ USTR, “Forced Labor Enforcement Task Force Publishes Updated Uyghur Forced Labor Prevention Act Strategy,” August 1, 2023; CBP, “Uyghur Forced Labor Prevention Act Statistics,” accessed May 20, 2024.

⁷⁰⁷ Other agencies include the U.S. Treasury, USDOC, USDHS, USDOL, and USTR. USDOS, *Xinjiang Supply Chain Business Advisory Addendum*, September 26, 2023, 2.

alongside this release, the USDOS expressed the urgency for businesses to promptly undertake due diligence measures as outlined in the UFPLA strategy.⁷⁰⁸

Export Controls Related to Advanced Computing and Semiconductor Manufacturing

In 2022, the USDOC's Bureau of Industry and Security (BIS) implemented a series of targeted updates to its export controls as part of its ongoing efforts to protect U.S. national security and foreign policy interests. These updates aim to restrict China's ability to both purchase and manufacture certain high-end chips used in military applications.⁷⁰⁹ On October 17, 2023, the BIS announced two new interim final rules, enhancing and broadening the October 2022 export controls targeting advanced computing integrated circuits, computer commodities containing advanced integrated circuits, and certain semiconductor manufacturing equipment.⁷¹⁰ These latest controls are designed to restrict China's access to advanced chips used to train frontier artificial intelligence (AI) models that can be used in the development of weapons of mass destruction and advanced conventional weapons.⁷¹¹ The BIS also noted concerns that AI surveillance tools could be used to violate human rights, in part through facial recognition technology.⁷¹² In December 2023, the BIS released guidance on the application of the new interim rules.⁷¹³ In addition to export controls on semiconductors and supercomputers, the BIS uses an Entity List to identify China-based organizations subject to export restrictions. An Entity List designation results in additional more-stringent restrictions to receiving U.S. exports.⁷¹⁴ The United States added entities to the Entity List throughout 2023.⁷¹⁵

Investment Restrictions in Sensitive Technologies

On August 9, 2023, President Biden signed an executive order to create a mechanism for restricting outbound U.S. investments to China (including Hong Kong and Macau).⁷¹⁶ The executive order restricts investment in sectors that are relevant to military, intelligence, surveillance, or cyber-enabled capabilities, including semiconductors and microelectronics, quantum computing, and certain artificial intelligence capabilities. The executive order directs the U.S. Department of the Treasury (U.S. Treasury) to issue regulations and administer a new program aimed at addressing the national security threat to

⁷⁰⁸ USDOS, "Issuance of an Addendum to the Xinjiang Supply Chain Business Advisory," September 26, 2023.

⁷⁰⁹ USITC, *The Year in Trade 2022*, December 2023, 187.

⁷¹⁰ USDOC, BIS, "Commerce Strengthens Restrictions on Advanced Computing Semiconductors," October 17, 2023; Export Controls on Semiconductor Manufacturing Items; Implementation of Additional Export Controls: Certain Advanced Computing Items; Supercomputer and Semiconductor End Use, 88 Fed. Reg. 86821 (December 15, 2023).

⁷¹¹ CSET, "A Bigger Yard, A Higher Fence: Understanding BIS's Expanded Controls on Advanced Computing Exports," December 4, 2023.

⁷¹² USDOC, BIS, "Commerce Strengthens Restrictions on Advanced Computing Semiconductors," October 17, 2023.

⁷¹³ USDOC, BIS, "Frequently Asked Questions (FAQs) for 'Export Controls on Semiconductor Manufacturing Items' (SME IFR)," accessed May 5, 2024.

⁷¹⁴ The Entity List can be found in Supplement No. 4 to Part 744 of the Export Administration Regulations. USDOS, BIS, Entity List Additions, 88 Fed. Reg. 71991 (October 19, 2023).

⁷¹⁵ In 2023, more than double the number of Chinese entities were added to the list than in 2022. Gibson Dunn & Crutcher, "2023 Year-End Sanctions and Export Controls Update," February 8, 2024.

⁷¹⁶ Executive Order 14105, Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern, 88 Fed. Reg. 54867, 54870–71 (August 9, 2023).

the United States posed by countries of concern that seek to develop sensitive technologies and products. In response, the U.S. Treasury announced an Outbound Investment Security Program (OIP) that will either prohibit or require notification for specific types of outbound investments from the United States in “concerning countries.”⁷¹⁷ On August 14, 2023, the U.S. Treasury released an advance notice of proposed rulemaking addressing the implementation of the executive order and soliciting feedback on the forthcoming regulations; final rules had not been published as of year-end 2023.⁷¹⁸

On November 6, 2023, the BIS and the U.S. Treasury’s Financial Crimes Enforcement Network (FinCEN) announced a procedure for financial institutions to report possible attempts to evade U.S. export controls in the scope covered by the OIP.⁷¹⁹ Financial institutions are expected to use their compliance programs to detect potential noncompliance with export controls.⁷²⁰

United Kingdom

Major trade developments between the United States and the UK in 2023 include the Atlantic Declaration and the UK’s expansion of state-level engagement with the United States. Other developments covered below include the U.S.-UK Small and Medium-Sized Enterprise (SME) Dialogue, the Genetic Technology (Precision Breeding) Act, and collaboration on economic coercion.

The Atlantic Declaration

On June 8, 2023, President Biden and UK Prime Minister Rishi Sunak issued the Atlantic Declaration for a Twenty-First Century U.S.-UK Economic Partnership (Atlantic Declaration).⁷²¹ The declaration outlines a bilateral partnership of U.S.-UK cooperation on economic challenges. It lays out goals on various economic, technological, and commercial topics, including supply chain resilience, clean energy, critical minerals, and AI.⁷²²

The economic security framework outlined in the Atlantic Declaration, referred to as the Action Plan for a Twenty-First Century U.S.-UK Economic Partnership, focuses on five pillars: “ensuring U.S.-UK leadership in critical and emerging technologies; advancing cooperation . . . in economic security and technology protection toolkits and supply chains; partnering on an inclusive and responsible digital

⁷¹⁷ U.S. Treasury, “Outbound Investment Security Program,” accessed May 5, 2024.

⁷¹⁸ U.S. Treasury, “Outbound Investment Security Program,” accessed May 5, 2024.

⁷¹⁹ FinCEN uses “key terms” to report on suspicious activity related to specific circumstances or violations. FinCEN originally published a key term for reporting on “Russia-related circumstances”; this new key term is specific to the OIP. U.S. Treasury, *FinCEN and BIS Announce New Reporting Key Term*, November 6, 2023.

⁷²⁰ Terence Gilroy and Alexandre Lamy, “BIS and FinCEN Issue New Key Term for Reporting Evasion of US Export Controls,” November 15, 2023; U.S. Treasury, *FinCEN and BIS Announce New Reporting Key Term*, November 6, 2023.

⁷²¹ Government of the UK, “UK and US Launch First-of-Its Kind Economic Partnership,” June 8, 2023; White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

⁷²² White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

transformation; building the clean energy economy of the future; and strengthening [the U.S.-UK alliance] across defense, health security, and space.”⁷²³

The Atlantic Declaration expresses an intent to begin negotiations on a U.S.-UK Critical Minerals Agreement; negotiations began in June 2023. The United States and the UK are seeking an agreement covering the five critical minerals most important for electric vehicles: cobalt, graphite, lithium, manganese, and nickel.⁷²⁴ The potential agreement seeks to promote trade in critical minerals, particularly by allowing UK firms to qualify for the clean vehicle tax credit under the Inflation Reduction Act.⁷²⁵ Negotiations between the United States and the UK also aim to ensure that both parties share the same approaches on supply chain diversification, labor standards, and environmental commitments.⁷²⁶ As of year-end 2023, negotiations for a critical minerals agreement were ongoing.

The Atlantic Declaration provided the basis for other areas of cooperation between the United States and the UK, in line with the five pillars noted above. For example, in November 2023, UK Prime Minister Sunak hosted the AI Safety Summit of 2023, which brought international governments, AI companies, and civil society groups together to discuss internationally coordinated action on the risks of AI.⁷²⁷ Furthermore, the United States and the UK agreed in the Atlantic Declaration to establish a civil nuclear partnership to further clean energy efforts and to establish a U.S.-UK Data Bridge to facilitate data flows between U.S. and UK companies.⁷²⁸

State-Level Engagement with the United States

Since 2022, the UK government has engaged with individual U.S. states’ governments to pursue state-level memorandums of understanding (MOUs) on trade and economic development; these engagements continued in 2023. The push to form bilateral trade and investment relationships with individual states’ governments is a novel strategy by the UK to address trade barriers between the UK and the United States at the state level.⁷²⁹ At year-end 2023, the UK government had signed MOUs with seven U.S. states: three in 2022—Indiana, North Carolina, South Carolina—and four in 2023—Oklahoma (April), Utah (June), Washington (September), and Florida (November).⁷³⁰ Although the MOUs target a variety of

⁷²³ White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

⁷²⁴ White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

⁷²⁵ White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

⁷²⁶ White House, “The Atlantic Declaration: A Framework for a Twenty-First Century U.S.-UK Economic Partnership,” June 8, 2023.

⁷²⁷ Government of the UK, “About the AI Safety Summit 2023,” accessed May 2, 2024; “UK and US Launch First-of-Its Kind Economic Partnership,” June 8, 2023.

⁷²⁸ Government of the UK, “UK and US Launch First-of-Its Kind Economic Partnership,” June 8, 2023.

⁷²⁹ Government of the UK, “UK MOUs with US States on Economic Cooperation and Trade Relations,” March 14, 2024; Broadbent and Bongongo, “An Innovative Trade Strategy- U.S. States Strike Individual MoU’s with the U.K. Government,” accessed May 17, 2024.

⁷³⁰ Government of the UK, “Trade Minister in US to Sign Fourth Trade Pact with a US State,” April 19, 2023; “UK Puts Pen to Paper on Fifth Trade Pact with a US State,” June 22, 2023; “UK Signs Sixth US State Deal with Washington State,” September 25, 2023; “UK and Florida Sign Pact to Boost Trade,” November 14, 2023.

policy areas and sectors, common focuses include aerospace, agriculture, clean energy, government procurement, and the life sciences.⁷³¹

In addition to signing new MOUs, the UK government engaged with senior officials from state governments in five working group meetings during 2023, pursuant to previously signed MOUs.⁷³² For example, between February 26, 2023, and March 2, 2023, the UK government hosted a delegation from Indiana, the first state to sign a trade MOU with the UK in May 2022.⁷³³ In 2023, the UK government hosted delegations from three states interested in pursuing a state-level MOU in trade: Colorado, Illinois, and Texas.⁷³⁴

Other Developments in 2023

On October 5, 2023, the United States and the UK held the seventh U.S.-UK Small and Medium-Sized Enterprise (SME) Dialogue to discuss how the two governments can expand bilateral trade and investment and support SME participation in trade. Topics discussed included challenges for tribal, rural, and minority-owned SMEs; SME participation in the green technology trade; SME access to finance; and growth opportunities for SMEs in e-commerce, tourism, and logistics.⁷³⁵

On March 23, 2023, the Genetic Technology (Precision Breeding) Act was confirmed as an Act of Parliament in the UK. The act intends to simplify how precision breeding technologies can be authorized in the UK and brought to market more easily. Despite long-standing negative perceptions and restrictive regulations in the UK pertaining to genetically modified food products and agricultural biotechnology in the United States, the act streamlines the authorization of precision breeding techniques in the UK market.⁷³⁶

In 2023, the United States and the UK collaborated on economic coercion issues. On May 20, 2023, the G7 leaders, including President Biden and Prime Minister Sunak, released the Statement on Economic Resilience and Economic Security introducing the Coordination Platform on Economic Coercion.⁷³⁷ The next month, on June 9, 2023, the United States and the UK endorsed the Joint Declaration Against Trade-

⁷³¹ Government of the UK, “UK Puts Pen to Paper on Fifth Trade Pact with a US State,” June 22, 2023.

⁷³² Government of the UK, “Joint Statement: UK-Indiana Memorandum of Understanding (MOU) Delegation,” February 27, 2023; “UK and South Carolina State Hold Inaugural Working Group Meeting,” June 16, 2023; “UK and North Carolina State Hold Second Working Group Meeting,” June 22, 2023; “UK and Oklahoma Hold Inaugural Working Group Meeting,” October 25, 2023; “UK and the State of Utah Hold Inaugural Working Group Meeting,” December 15, 2023.

⁷³³ Government of the UK, “Joint Statement: UK-Indiana Memorandum of Understanding (MOU) Delegation,” February 27, 2023.

⁷³⁴ Government of the UK, “Joint Statement on UK-Colorado Trade,” May 31, 2023; “Joint Statement on UK-Illinois Trade,” July 18, 2023; “Joint Statement on UK - Texas Trade,” July 12, 2023.

⁷³⁵ USTR, “7th United States-United Kingdom Small- and Medium-Sized Enterprise Dialogue in Indio, California,” October 5, 2023.

⁷³⁶ USTR, *2024 National Trade Estimate Report on Foreign Trade Barriers*, March 29, 2024, 359.

⁷³⁷ The Coordination Platform on Economic Coercion is an initiative that seeks to improve early warning and rapid information sharing as well as coordinating responses to economic coercion. The G7 statement concerns economic coercion that seeks to “exploit economic vulnerabilities and dependencies and undermine the foreign and domestic policies” of the countries. The Group of Seven (G7) consists of Canada, France, Germany, Italy, Japan, the UK, and the United States. White House, “G7 Leaders’ Statement on Economic Resilience and Economic Security,” May 20, 2023.

Related Economic Coercion and Non-Market Policies and Practices, which condemns the use of trade-related economic coercion and nonmarket-oriented policies and practices which distort trade, investment, and competition between countries.⁷³⁸

Japan

In 2023, the United States and Japan signed an agreement on critical minerals supply chains. Other developments between the United States and Japan in 2023 include cooperation on multilateral and bilateral issues, including international labor standards, trade-related economic coercion and nonmarket policies and practices, and supply chain disruptions.

Critical Minerals Agreement

On March 28, 2023, the United States and Japan signed a critical minerals agreement covering five critical minerals that are key components of electric vehicle (EV) batteries.⁷³⁹ The agreement was designed to respond to Japan's concern about a specific content requirement for the consumer tax credit for new EVs introduced by the Inflation Reduction Act. The act's condition for consumer credit is that a portion of critical minerals in EV batteries needs to be sourced from the United States or U.S. FTA partners. Though Japan does not have a congressionally approved FTA with the United States, this critical minerals agreement is designated by the U.S. Treasury as an FTA for the purposes of the Inflation Reduction Act.⁷⁴⁰ With Japan considered to have FTA partner status with regard to trade in critical minerals, qualifying critical minerals can be sourced from Japan.⁷⁴¹

Though this agreement does not alter current tariffs, both the United States and Japan agreed on a number of provisions that overall aim to "strengthen and diversify critical minerals supply chains and promote the adoption of electric vehicle battery technologies."⁷⁴² Among some of the measures, the agreement establishes a commitment of non-imposition of export duties for covered minerals between both parties.⁷⁴³ Additionally, provisions address the nonmarket practices and policies of other countries that affect U.S. and Japanese critical mineral trade and issues along this supply chain via best practices and domestic measures implemented by the United States and Japan.⁷⁴⁴ The agreement also has

⁷³⁸ The Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices was issued by the United States, the UK, Australia, Canada, Japan, and New Zealand. USTR, "Joint Declaration Against Trade-Related Economic Coercion and Non-Market Policies and Practices," June 9, 2023.

⁷³⁹ The five critical minerals covered in the agreement are cobalt, graphite, lithium, manganese and nickel. USTR, "United States and Japan Sign Critical Minerals Agreement," March 28, 2023; Agreement between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains (March 28, 2023).

⁷⁴⁰ 26 C.F.R. § 130D-2(b)(13) (2024); Clean Vehicle Credits Under Sections 25E and 30D; Transfer of Credits; Critical Minerals and Battery Components; Foreign Entities of Concern, 89 Fed. Reg. 37706, 37724–26 (May 6, 2024) ("Based on the criteria above, Japan was identified as a country with which the United States has a free trade agreement in effect.")

⁷⁴¹ CRS, *U.S.-Japan Critical Minerals Agreement*, May 20, 2024.

⁷⁴² USTR, "United States and Japan Sign Critical Minerals Agreement," March 28, 2023.

⁷⁴³ USTR, "United States and Japan Sign Critical Minerals Agreement," March 28, 2023.

⁷⁴⁴ USTR, "United States and Japan Sign Critical Minerals Agreement," March 28, 2023.

provisions addressing the environmental impact of critical mineral extraction and battery production.⁷⁴⁵ Finally, several provisions relate to labor rights along critical mineral supply chains, including those concerning enforcement of labor rights and promoting information sharing.⁷⁴⁶

Cooperation on Multilateral Issues

Throughout 2023, the United States and Japan met in different forums to discuss issues of mutual interest, including labor and supply chains and economic coercion. On January 6, 2023, Ambassador Tai and Japanese Minister for Economy, Trade, and Industry Nishimura Yasutoshi signed a memorandum of cooperation (MOC) to launch a task force on the promotion of human rights and international labor standards in supply chains.⁷⁴⁷ With the goal of creating opportunities for the United States and Japan to prevent forced labor, this task force will focus on sharing information on areas such as law and policies, promote discussions with companies and labor organizations, and encourage the use of established practices. These action items are intended to provide workers protection and companies the pathway to achieve and maintain higher international labor standards in their supply chains.⁷⁴⁸ The United States, Japan, and South Korea collaborated on several trade topics, including supply chains, at the Trilateral Leaders' Summit at Camp David, Maryland, on August 18, 2023.⁷⁴⁹ They announced plans to develop an early warning system pilot that can be used to flag potential supply chain disruptions and discussed technology standards and economic coercion, among other topics.⁷⁵⁰

In 2023, the United States and Japan collaborated on economic coercion in several ways, including the previously mentioned Trilateral Leaders' Summit, the G7, the U.S.-Japan Partnership on Trade meetings, and on the margins of OECD meetings. On June 9, 2023, trade ministers from six countries, including Japan, met at the OECD ministerial meeting in Paris and issued a joint declaration regarding trade-related economic coercion and nonmarket policies and practices.⁷⁵¹ The topics mentioned in this declaration include countries' uneasiness with trade-related economic coercion and other nonmarket policies that can have a negative impact on trade, investment, and relations. This declaration was issued after the G7 Leaders' Statement on Economic Resilience and Economic Security on May 20, 2023.⁷⁵²

Taiwan

In 2023, the United States and Taiwan signed the first agreement under the U.S.-Taiwan Initiative on 21st-Century Trade. This section describes the initiative and progress in negotiations on the first agreement and on other areas policy areas and then continues with summaries of the text of the first agreement.

⁷⁴⁵ Agreement between the Government of the United States of America and the Government of Japan on Strengthening Critical Minerals Supply Chains (March 28, 2023).

⁷⁴⁶ USTR, "United States and Japan Sign Critical Minerals Agreement," March 28, 2023.

⁷⁴⁷ USTR, "United States and Japan Launch Task Force to Promote Human Rights and International Labor Standards in Supply Chains," January 6, 2023.

⁷⁴⁸ USTR, "United States and Japan Launch Task Force to Promote Human Rights and International Labor Standards in Supply Chains," January 6, 2023.

⁷⁴⁹ White House, "Fact Sheet: The Trilateral Leaders' Summit at Camp David," August 18, 2023.

⁷⁵⁰ White House, "Fact Sheet: The Trilateral Leaders' Summit at Camp David," August 18, 2023.

⁷⁵¹ Inside Trade, "U.S., Five Others Condemn Economic Coercion, Non-Market Practices," June 9, 2023.

⁷⁵² White House, "G7 Leaders' Statement on Economic Resilience and Economic Security," May 20, 2023.

The United States-Taiwan Initiative on 21st-Century Trade

The United States and Taiwan launched the U.S.-Taiwan Initiative on June 1, 2022.⁷⁵³ The U.S.-Taiwan Initiative is intended to “deepen the economic and trade relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive economic growth for our workers and businesses.”⁷⁵⁴ The negotiating mandate, released in August 2022, covers several areas: trade facilitation, good regulatory practices (GRP), anti-corruption, SMEs, agriculture, standards, digital trade, labor, environment, state-owned enterprises, and nonmarket policies and practices.⁷⁵⁵ The First U.S.-Taiwan Agreement covering part of the negotiating mandate, including chapters on customs administration and trade facilitation, GRP, domestic regulation of services, anti-corruption, and SMEs, was signed in June 2023.⁷⁵⁶

Representatives from the United States and Taiwan met several times during 2023, continuing negotiations on the first agreement and beginning negotiations on additional policy areas. Following the release of the negotiating mandate in August 2022 and conceptual discussions in November 2022, representatives from the United States and Taiwan held a negotiating round in January 2023.⁷⁵⁷ USTR released summaries of their proposed text on trade facilitation, anti-corruption, SMEs, GRP, and services domestic regulation in March 2023.⁷⁵⁸ On May 18, 2023, USTR announced the conclusion of the First U.S.-Taiwan Agreement covering these areas, which was then signed on June 1, 2023.⁷⁵⁹ President Biden signed the United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act on August 7, 2023.⁷⁶⁰ The act also governs future trade negotiations with Taiwan.⁷⁶¹ After the completion of the first agreement, representatives from the United States and Taiwan held negotiations covering text on agriculture, labor, and environment in August 2023.⁷⁶²

⁷⁵³ USTR, “United States and Taiwan Announce the Launch,” June 1, 2022.

⁷⁵⁴ USTR, “United States and Taiwan Announce the Launch,” June 1, 2022.

⁷⁵⁵ USTR, “U.S.-Taiwan Initiative on 21st-Century Trade: Negotiating Mandate,” August 17, 2022.

⁷⁵⁶ USTR, “Statement from USTR Spokesperson on U.S.-Taiwan Initiative,” June 1, 2023.

⁷⁵⁷ USTR, “Readout of January Negotiating Round Under the U.S.-Taiwan Initiative,” January 17, 2023.

⁷⁵⁸ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023.

⁷⁵⁹ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023; USTR, “Statement from USTR Spokesperson on U.S.-Taiwan Initiative,” June 1, 2023.

⁷⁶⁰ White House, “Statement from President Joe Biden on H.R. 4004,” August 7, 2023.

⁷⁶¹ President Biden stated he would treat certain requirements of section 7 of the Act as nonbinding in cases where such requirements would “impermissibly infringe upon my constitutional authority to negotiate with a foreign partner.” Section 7 lays out requirements for transparency with respect to future agreements with Taiwan, including timelines and requirements for sharing negotiating text with and briefing Congress. United States-Taiwan Initiative on 21st-Century Trade First Agreement Implementation Act, Pub. L. No. 118-13, 137 Stat. 63 (2023); White House, “Statement from President Joe Biden on H.R. 4004,” August 7, 2023.

⁷⁶² USTR, “United States and Taiwan Hold Second Negotiating Round,” August 18, 2023.

First United States-Taiwan Agreement

The United States and Taiwan signed the first agreement under the United States-Taiwan Initiative on 21st-Century Trade (First United States-Taiwan agreement) in June 2023.⁷⁶³

The Customs Administration and Trade Facilitation chapter is intended to make border procedures faster and less costly in terms of spoilage and environmental impact.⁷⁶⁴ It requires online publication of information on customs procedures and the ability to submit forms electronically.⁷⁶⁵ It also includes provisions addressing e-commerce as well as provisions for cooperation on transparency and enforcement issues, among others.⁷⁶⁶ Several of the provisions are intended to address barriers to SME participation in international trade.⁷⁶⁷

The Good Regulatory Practices (GRP) chapter includes provisions covering rulemaking across the full regulatory life cycle at the central level.⁷⁶⁸ This includes requirements to publicize planned regulations; publish proposed regulations and allow adequate time for public comment; and publish final regulations on a single, publicly available website.⁷⁶⁹ USTR indicated the provisions in the chapter can contribute to better regulations and enhance transparency of the regulatory process. USTR highlighted that the chapter will “facilitate investment and economic opportunities in both markets” for SMEs.⁷⁷⁰ The chapter establishes a GRP Committee to monitor the implementation of the chapter.⁷⁷¹

The Services Domestic Regulation chapter builds on the 2021 WTO Joint Statement Initiative on Services Domestic Regulation.⁷⁷² It includes provisions that require that laws and regulations affecting services are transparent and fairly applied. The provisions address challenges in obtaining licenses or authorization to operate, which can be a barrier for small enterprises.⁷⁷³ USTR highlighted the measures prohibiting discrimination in licensing on the basis of gender.⁷⁷⁴ USTR stated that because both the U.S. and Taiwanese service market regulations are highly regarded, it expects this agreement to “set a new benchmark for others in the region and around the world.”⁷⁷⁵

⁷⁶³ USTR, “Statement from USTR Spokesperson on U.S.-Taiwan Initiative,” June 1, 2023; First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade (June 1, 2023).

⁷⁶⁴ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁶⁵ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁶⁶ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 1.

⁷⁶⁷ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 1.

⁷⁶⁸ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 2.

⁷⁶⁹ First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art. 3.6, 3.7, 3.9 (June 1, 2023).

⁷⁷⁰ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁷¹ The GRP Committee will meet at least once a year unless the Parties agree otherwise. First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art. 3.17 (June 1, 2023).

⁷⁷² The text is not limited to the set of sectors covered by the WTO initiative, but covers all sectors where foreign services suppliers can operate. Taiwan is a signatory of the WTO initiative. USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023; USTR, “U.S.-Taiwan Initiative on 21st-Century Trade Public Summaries,” March 2023; WTO, “Services Domestic Regulation,” accessed April 22, 2024.

⁷⁷³ First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art. 4.3, (June 1, 2023); USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 5.

⁷⁷⁴ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁷⁵ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 3–4; USTR, “U.S.-Taiwan Initiative on 21st-Century Trade Public Summaries,” March 2023.

The Anticorruption chapter builds on the framework set out in the USMCA, with provisions intended to prevent and combat bribery and other forms of corruption.⁷⁷⁶ Substantive provisions address “money laundering, denial of entry for foreign public officials, the recovery of proceeds of corruption, and enhanced protections for corruption whistleblowers,”⁷⁷⁷ which the parties commit to enforce.⁷⁷⁸ The chapter also includes provisions that “promote integrity among public officials” through training and other requirements.⁷⁷⁹ Finally, the chapter contains provisions to enable the participation of the civil and private sectors in anti-corruption efforts.⁷⁸⁰

The SME chapter is intended to increase trade and investment opportunities for SMEs via cooperation and by providing training and access to information.⁷⁸¹ It describes potential cooperative undertakings, such as creating SME centers and incubators, activities targeted to SMEs owned by underserved and underrepresented groups, information exchanges, and activities helping SMEs engage in digital trade.⁷⁸² The chapter states that parties should publish information on trade-related procedures and regulations and opportunities for financing and other support for SMEs online to make it more accessible.⁷⁸³ The chapter also provides for a periodic SME Dialogue based on stakeholder interest.⁷⁸⁴

Kenya

In 2023, the major trade engagement with Kenya was negotiations toward the United States-Kenya Strategic Trade and Investment Partnership (STIP). This section covers developments in negotiations for STIP and summarizes proposed text as of 2023. Kenya and the United States also engaged through trade and investment framework agreements (TIFAs) and under the African Growth and Opportunity Act, covered in chapters 4 and 2, respectively.

Negotiations on a Strategic Trade and Investment Partnership

The United States and Kenya launched STIP on July 14, 2022.⁷⁸⁵ In the launch statement, the United States and Kenya indicated they intend for STIP to foster investment, economic growth, and regional economic integration, while benefiting workers and MSMEs. The statement also indicated the two parties intend to seek commitments in areas that largely mirror the areas identified under the Indo-Pacific Economic Framework for Prosperity Pillar One (Trade) and the U.S.-Taiwan initiative, discussed

⁷⁷⁶ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁷⁷ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023; USTR, “U.S.-Taiwan Initiative on 21st-Century Trade Public Summaries,” March 2023.

⁷⁷⁸ First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art 5.7 (June 1, 2023).

⁷⁷⁹ USTR, “USTR Releases Summaries from U.S.-Taiwan,” March 16, 2023, 4; First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art 5.5 (June 1, 2023).

⁷⁸⁰ First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art 5.6 (June 1, 2023).

⁷⁸¹ USTR, “USTR Announcement Regarding U.S.-Taiwan Trade Initiative,” May 18, 2023.

⁷⁸² First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art 6.2 (June 1, 2023); USTR, “U.S.-Taiwan Initiative on 21st-Century Trade Public Summaries,” March 2023.

⁷⁸³ USTR, “U.S.-Taiwan Initiative on 21st-Century Trade Public Summaries,” March 2023; First Agreement under the U.S.-Taiwan Initiatives on 21st-Century Trade, art. 6.3 (June 1, 2023).

⁷⁸⁴ First Agreement under the U.S.-Taiwan Initiative on 21st-Century Trade, art 6.4 (June 1, 2023).

⁷⁸⁵ USTR, “United States and Kenya Announce the Launch,” July 14, 2022.

above. These commitments include agriculture; anti-corruption; digital trade; environment and climate change action; GRP; MSMEs; promoting workers' rights and protections; supporting participation of women, youth, and others in trade; standards collaboration; and trade facilitation and customs procedures.⁷⁸⁶ In 2023, the United States and Kenya held negotiating rounds as well as discussions in several different forums, as described below.

STIP negotiations began with conceptual discussions in February 2023.⁷⁸⁷ The first round of text-based negotiations, in April 2023, covered agriculture, anti-corruption, MSMEs, and services domestic regulation (summaries were released in May 2023, see below).⁷⁸⁸ A second negotiating round in October 2023 covered proposed text on agriculture, anti-corruption, and services domestic regulation, as well as conceptual discussions on inclusivity.⁷⁸⁹ In addition, Ambassador Tai and Kenyan President William Ruto discussed STIP on the margins of the U.S.-East African Community TIFA Council in July 2023.⁷⁹⁰ The 2023 U.S.-Kenya Business Roadshow, with stops in New York, Chicago, and San Francisco, highlighted trade and investment opportunities in Kenya.⁷⁹¹

Summaries of Proposed Text under the U.S.-Kenya STIP

No agreement under STIP was finalized in 2023, but USTR released summaries of U.S.-proposed text in May 2023.⁷⁹² On agriculture, the proposed text aims to expand market access and promote food security via provisions on transparency and regulatory certainty and collaboration in these areas. USTR indicated that this first tranche of text on agriculture will include specific disciplines on import licensing, certification requirements, equivalency, and export restrictions.⁷⁹³ The proposed text on anti-corruption is intended to prevent bribery and corruption through provisions obligating measures to combat corruption, promoting integrity among public officials, and facilitating participation of the private sector. In its summary, USTR specifically recognized the role of anti-corruption measures in the context of protecting workers and the environment.⁷⁹⁴

The proposed text on MSMEs aims to improve participation of MSMEs in trade and investment opportunities. It includes provisions supporting information exchanges, MSME support centers, activities aimed at underserved and underrepresented groups, and provision of publicly accessible information for MSMEs interested in international trade.⁷⁹⁵ USTR stated that the proposed text on services domestic

⁷⁸⁶ USTR, "United States and Kenya Announce the Launch," July 14, 2022.

⁷⁸⁷ USTR, "United States and Kenya Conclude Opening Round," February 10, 2023.

⁷⁸⁸ USTR, "Readout of April Negotiating Round," April 20, 2023; USTR, "USTR Releases Summaries from U.S.-Kenya," May 23, 2023.

⁷⁸⁹ Subsequent negotiating rounds took place in 2024 and covered additional policy areas, including good regulatory practices. USTR, "Readout of October Negotiating Round," October 11, 2023; USTR, "Readout of January 29–31 Negotiating Round," February 6, 2024.

⁷⁹⁰ USTR, "Readout of Ambassador Katherine Tai's Meeting with President of Kenya William Ruto," July 19, 2023.

⁷⁹¹ KEPSA, "U.S.-Africa Trade and Investment Roundtable," September 15, 2023; USAID/Prosper Africa, "U.S.-Kenya Business Roadshow," accessed April 22, 2024.

⁷⁹² USTR, "USTR Releases Summaries from U.S.-Kenya," May 23, 2023.

⁷⁹³ USTR, "U.S.-Kenya STIP Chapter Summaries May 2023," May 2023, 1.

⁷⁹⁴ USTR, "U.S.-Kenya STIP Chapter Summaries May 2023," May 2023, 1–2.

⁷⁹⁵ USTR, "U.S.-Kenya STIP Chapter Summaries May 2023," May 2023, 2–3.

regulation builds on the 2021 WTO Joint Statement Initiative on Services Domestic Regulation, addressing transparency of regulations and their fair application.⁷⁹⁶ The proposed text would apply to all sectors where foreign services suppliers can operate, beyond the limited sectors covered by the WTO initiative.⁷⁹⁷

⁷⁹⁶ The United States is a signatory of the joint statement, but Kenya is not. WTO, “Services Domestic Regulation,” accessed April 22, 2024.

⁷⁹⁷ USTR, “U.S.-Kenya STIP Chapter Summaries May 2023,” May 2023, 3; WTO, “Services Domestic Regulation,” accessed April 22, 2024.

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Appendix A

Tables for Figures

Table A.1 Change in real gross domestic product, by the world economy and selected major economies, annual, 2021–23In percentages. Table corresponds to [figure 1.1](#).

Economy	2021	2022	2023
World	6.5	3.5	3.2
India	9.7	7.0	7.8
China	8.4	3.0	5.2
Mexico	5.7	3.9	3.2
United States	5.8	1.9	2.5
Japan	2.6	1.0	1.9
Canada	5.3	3.8	1.1
European Union	6.1	3.6	0.6
United Kingdom	8.7	4.3	0.1

Source: International Monetary Fund, World Economic Outlook, April 16, 2024, 138-39 and 142–47; U.S. Department of Commerce, Bureau of Economic Analysis, “Table 5. Real Gross Domestic Product: Annual Percent Change, July 25, 2024 Release.”

Note: Individual economies ordered by 2023 GDP growth rates, from highest to lowest.

Table A.2 Change in consumer prices, by the world economy and selected major economies, annual, 2021–23In percentages. Table corresponds to [figure 1.2](#).

Economy	2021	2022	2023
World	4.7	8.7	6.8
China	0.9	2.0	0.2
Japan	–0.2	2.5	3.3
Canada	3.4	6.8	3.9
United States	4.7	8.0	4.1
India	5.5	6.7	5.4
Mexico	5.7	7.9	5.5
European Union	2.9	9.3	6.3
United Kingdom	2.6	9.1	7.3

Source: International Monetary Fund, “World Economic Outlook Database,” April 16, 2024.

Note: Individual economies by 2023 inflation rate, from lowest to highest.

Table A.3 Change in manufacturing output, for the world and selected major economies, annual, 2021–23In percentages. Table corresponds to [figure 1.3](#).

Country	2021	2022	2023
World average	9.4	2.9	1.2
India	13.4	4.0	5.1
China	12.4	2.7	4.7
United Kingdom	1.6	–3.3	1.2
Mexico	9.4	6.4	1.0
United States	5.1	2.9	–0.6
Canada	5.8	3.7	–0.7
Japan	5.9	0.0	–1.2
European Union average	9.5	3.5	–1.3

Source: UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024.

Note: European Union average represents a simple unweighted average manufacturing output growth across 27 member countries. Individual economies ordered by 2023 manufacturing output growth rates, from highest to lowest.

Table A.4 Percentage change in global manufacturing output, by International Standard Industrial Classification industry, 2022–23

In percentages. Table corresponds to [figure 1.4](#).

International Standard Industrial Classification Code	Sector description	Percentage change in 2022–23
29	Motor vehicles, trailers and semi-trailers	10.5
30	Other transport equipment	6.8
27	Electrical equipment	6.2
33	Repair and installation of machinery/equipment	5.3
24	Basic metals	3.6
19	Coke and refined petroleum products	2.8
E	Water supply, sewerage and waste management	2.3
D	Electricity, gas, steam and air conditioning	1.6
20	Chemicals and chemical products	1.2
C	Total manufacturing	1.2
21	Pharmaceuticals, medicinal chemicals, etc.	1.0
B	Mining and quarrying	0.8
25	Fabricated metal products, except machinery	0.0
10	Food products	–0.3
26	Computer, electronic and optical	–0.5
28	Machinery and equipment not elsewhere classified	–0.8
11	Beverages	–1.1
12	Tobacco products	–1.4
32	Other manufacturing	–1.8
22	Rubber and plastics products	–1.8
23	Other non-metallic mineral products	–2.3
13	Textiles	–2.7
17	Paper and paper products	–4.3
18	Printing and reproduction of recorded media	–4.5
16	Wood products, excluding furniture	–5.7
14	Wearing apparel	–5.8
15	Leather and related products	–6.5
31	Furniture	–6.7

Source: UNIDO, “Annual Series from the Quarterly Index of Industrial Production (IIP) Database,” April 4, 2024.

Table A.5 Global merchandise trade, annual, 2021–23

In trillions of dollars. Table corresponds to [figure 1.6](#).

	2021	2022	2023
Global merchandise trade	22.5	25.3	24.0

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 17, 2024.

Note: Global merchandise trade value is measured by the average value of global merchandise exports and imports.

Table A.6 Global merchandise trade, quarterly, 2009–23In trillions of dollars. Table corresponds to [figure 1.7](#).

Year	Q1	Q2	Q3	Q4
2009	2.8	3.0	3.3	3.6
2010	3.5	3.8	3.9	4.2
2011	4.3	4.7	4.7	4.7
2012	4.6	4.7	4.6	4.7
2013	4.6	4.7	4.7	4.9
2014	4.7	4.8	4.8	4.7
2015	4.1	4.2	4.2	4.2
2016	3.8	4.1	4.1	4.2
2017	4.2	4.4	4.5	4.8
2018	4.8	5.0	4.9	5.0
2019	4.7	4.8	4.8	4.9
2020	4.4	3.8	4.6	5.0
2021	5.1	5.5	5.6	6.2
2022	6.1	6.5	6.4	6.2
2023	6.0	6.0	5.9	6.1

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Merchandise Trade Values, Quarterly,” accessed April 17, 2024.

Note: Global merchandise trade value is measured by the average value of global merchandise exports and imports.

Table A.7 Merchandise exports by the global top five exporters, annual, 2022–23In billions of dollars. The European Union data exclude intra-European Union trade for the entire time series. Table corresponds to [figure 1.8](#).

Economy	2022	2023
China	3,544.4	3,380.0
European Union	2,703.9	2,760.8
United States	2,066.5	2,018.1
Japan	746.8	717.3
South Korea	683.6	632.2

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 17, 2024; USITC DataWeb/Census, total exports, accessed July 2, 2024.

Table A.8 Merchandise imports by the global top five importers, annual, 2022–23In billions of dollars. The European Union data exclude intra-European Union trade for the entire time series. Table corresponds to [figure 1.9](#).

Economy	2022	2023
United States	3,239.9	3,080.2
European Union	3,158.4	2,717.0
China	2,706.5	2,556.8
United Kingdom	823.5	791.3
Japan	897.2	785.6

Source: World Trade Organization, “International Trade Statistics, Merchandise Trade Values, Annual,” accessed April 17, 2024; USITC DataWeb/Census, general imports, accessed July 2, 2024.

Table A.9 Commercial services exports, by services trade category, annual, 2021–23In billions of dollars. Table corresponds to [figure 1.10](#).

Category	2021	2022	2023
Other commercial services	4,147	4,291	4,654
Travel	648	1,128	1,574
Transport	1,225	1,526	1,348
Goods-related services	231	249	264
Total	6,251	7,194	7,840

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual,” accessed April 22, 2024.

Note: Data for 2023 are preliminary. The “other commercial services” category includes business, financial, and information and communications services.

Table A.10 Global commercial services exports, by the global top five exporters, annual, 2022–23In billions of dollars. The European Union data exclude intra-European Union trade. Table corresponds to [figure 1.11](#).

Economy	2022	2023
European Union	1,380.0	1,437.8
United States	919.8	993.8
United Kingdom	502.7	581.0
China	422.3	379.6
India	308.7	343.9

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual,” accessed April 22, 2024; U.S. Department of Commerce, Bureau of Economic Analysis, International Transactions, International Services, and International Investment Position Tables, table 3.1, “U.S. International Trade in Services,” accessed June 25, 2024.

Table A.11 Global commercial services imports, by the global top five importers, annual, 2022–23In billions of dollars. The European Union data exclude intra-European Union trade. Table corresponds to [figure 1.12](#).

Economy	2022	2023
European Union	1,164.5	1,246.2
United States	688.3	722.7
China	461.5	549.0
United Kingdom	316.9	389.4
Singapore	294.7	295.2

Source: World Trade Organization, World Trade Organization Stats, “International Trade Statistics, Trade in Commercial Services, by Main Sector, Annual,” accessed April 22, 2024; U.S. Department of Commerce, Bureau of Economic Analysis, “International Transactions, International Services, and International Investment Position Tables,” table 3.1, “U.S. International Trade in Services,” accessed June 25, 2024.