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

At the nexus of foreign and domestic policy, U.S. trade policy comprises a distinct set of issues that shape U.S. participation in the global economy and relations with trading partners. It also affects the overall U.S. economy and standard of living of Americans, as well as specific sectors, firms, and workers.

Controversial at times, U.S. trade policy historically has focused on supporting economic growth and jobs through more open and rules-based trade by negotiating and enforcing reciprocal trade agreements and other measures, while offering relief to specific segments of the U.S. economy affected by trade liberalization and “unfair” foreign trade practices. U.S. trade policy also has aimed to promote trade and investment, while regulating these flows for national security, health, safety, and other reasons. Additional aims have included to support economic development in developing countries and expand U.S. influence abroad. With ongoing congressional and public debate about the benefits and costs of trade liberalization, and a rise in trade protectionism globally amid certain developments, the future direction of U.S. trade policy is an open question.

The Constitution gives Congress primacy over trade policy, specifically the power to levy tariffs and regulate foreign commerce. By contrast, the President lacks specific authority over trade, but has power over foreign affairs. The executive branch’s role in trade stems from the President’s power to negotiate treaties with other nations, and legislative grants of authority to adjust tariff rates and implement trade policy. Congress and the President have delegated many trade functions to the Office of the U.S. Trade Representative (USTR) and other executive branch departments and agencies. USTR-led interagency and advisory systems support their trade functions.

### Key Trade Agencies



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

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

- Trade Expansion Act of 1962. Created an ambassador-level Special Representative for Trade Negotiations (precursor to USTR) to lead the new interagency system to coordinate trade policy, which the act also created.

- Trade Act of 1974. Designated the Special Representative as the chief U.S. trade negotiator, lead of the trade agreements program, and head of the new private sector advisory committee system, which the act also created. Elevated position to cabinet rank and placed it in the White House.
- Trade Agreements Act of 1979. Required the President to submit a trade reorganization plan, including to boost the Special Representative’s coordination and functional roles.
- Omnibus Trade and Competitiveness Act of 1988. Elevated USTR to coordinate trade policy, serve as the President’s principal trade advisor and trade “spokesperson,” and lead U.S. international trade negotiations. Required USTR to report to both the President and Congress.



#### Department of Commerce

Commerce conducts many non-agricultural trade functions.

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



#### The U.S. Department of Agriculture

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

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



#### U.S. Department of Health and Human Services

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



#### U.S. Department of Homeland Security

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



### U.S. Department of Labor

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



### U.S. Department of State

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



### U.S. Department of the Treasury

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

### DFC U.S. International Development Finance Corp.

DFC aims to promote private investment to aid the economic development of less-developed countries by providing financing, political risk insurance, equity support, and technical assistance. It seeks to support development impact, U.S. economic interests, and U.S. foreign policy.



### Export-Import Bank

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



### International Trade Commission

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



### Small Business Administration

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



### U.S. Agency for International Development

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



### U.S. Trade and Development Agency

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

## Interagency and Advisory Systems

Established by Congress in 1962, a USTR-led interagency system supports trade policy coordination. Members draw from key trade agencies and White House bodies. As it has evolved, the system has three tiers through which matters percolate up if consensus fails or key issues are at stake:

- The *Trade Policy Staff Committee (TPSC)*, chaired by USTR and composed of senior civil servants, develops and reviews policy and negotiating documents.
- The USTR-chaired *Trade Policy Review Group (TPRG)* coordinates at the Deputy USTR/Assistant Secretary level.
- The *National Economic Council (NEC)*, led by the President, currently coordinates Cabinet-level review.

An advisory committee system, established by Congress in 1974, brings public and private input to trade policy. Managed by USTR, with USDA, Commerce, and Labor collaboration, the system has 26 committees with up to approximately 700 advisors.

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

Other interagency and advisory bodies seek to provide support on specific trade matters.

## Issues for Congress

Policy issues that the 117<sup>th</sup> Congress may consider include:

- How much authority should Congress grant to the executive branch over trade policy?
- Are current functions and agency roles adequate and well-coordinated to advance trade policy? Do they reflect and balance diverse stakeholder views and support a coherent U.S. trade policy voice?
- How well has the current structure responded to changes in the global marketplace? Is it equipped to support potential future changes to U.S. trade policy?

For more information, see CRS Report R45148, *U.S. Trade Policy Primer: Frequently Asked Questions*.

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