

October 12, 2010

Ambassador Ron Kirk
United States Trade Representative
Executive Office of the President
600 17th Street, NW
Washington DC 20508

Honorable Gary Locke
United States Secretary of Commerce
Department of Commerce
Herbert C. Hoover Building
Washington, DC 20230

Dear Ambassador Kirk and Secretary Locke:

Subject: Recommendations on the Scope of Representation on the ITACs

The undersigned members of the Committee of Chairs of the Industry Trade Advisory Committees (ITACs) submit the following comments and recommendations concerning the scope of representation on the ITACs. Many of our comments are similar to those outlined in a November 28, 2000 letter submitted to USTR and the DOC by the Industry Sector Advisory Committee (ISAC) Committee of Chairs. This current submission restates and provides additional comments to build upon the recommendations made by our predecessors. In addition to both current and previous advice from the Committee of Chairs, we suggest a review of the GAO Report 02-876 dated September 2002 that addresses many of the membership issues that are the subject of this letter.

The Industry Trade Advisory Committees (ITACs) are in tier three of a three-tiered system. They were created by Congress over 35 years ago primarily in response to what many perceived to be the failures of the Tokyo Round. In our view, the current advisory system has served the country well and we believe the following factors need to be considered before any changes in membership criteria are approved:

- ITACs were created and designed to present the views and interests of the producing sectors of the US economy;
- ITACs are charged with giving highly technical advice;
- Exports are created by businesses;
- Investments are created by businesses;
- Good, high paying jobs are created by businesses.

With this understanding and building on previous advice on this subject, the Committee of Chairs for the Industry Trade Advisory Committees is pleased to make the following comments and recommendations on the subject of Trade Advisory System membership reform.

Introduction

For over 35 years, the Trade Advisory System has fulfilled the Congressional mandate to convey information and priorities from the private sector to U.S. Government trade negotiators. During this time period, the Trade Advisory System has played an important role in a highly effective

public-private partnership which has achieved many gains in creating a more open and fair trading system. Most importantly, it has provided a forum for SMEs that might otherwise not be heard as effectively.

The Advisory System has functioned effectively as various FTAs have been negotiated, and we are playing a key role to be sure that the Doha Round will achieve its goals. In addition, the Advisory Committees have been reliable allies working with the government in our mutual goal of achieving a more open and fair trading system.

It is timely for the Administration to review membership criteria for the entire advisory system. The ITAC Chairs are pleased to have this opportunity to participate.

Essential Values to be Upheld in any Reform

In examining options for restructuring the membership of the Trade Advisory System, the Chairs recommend that the following core values associated with the existing system must serve as a starting point and a standard against which the merits of any reform proposal must ultimately be measured:

- Bring marketplace expertise to the service of U.S. trade negotiators;
- Ensure candid, full and actionable advice from affected business entities continues to be made available to U.S. trade negotiators;
- Provide candid, full and actionable advice from other stakeholders likely to be affected by proposed trade action;
- Provide a forum to reach sector wide consensus positions on key trade issues by bringing together different segments of a given industry;
- Provide a forum for input by SMEs, especially those without Washington-based representatives;
- Ensure government accountability for effectively pursuing recommended trade actions;
- Provide authoritative guidance to Congress in advance of key votes concerning the probable impact of the well being of their constituents whenever proposals are made that might impact the trading system.

All of the ITAC Chairs strongly support open access to trade negotiators by NGOs and other non-business groups. This is essential to ensure that trade policy decisions reflect the broad spectrum of U.S. national interests and that – once taken – these decisions can garner the requisite broad base of public support. The question is just how to structure this access in a way that gives U.S. negotiators the highest quality advice so that they can negotiate with maximum effectiveness.

Within the parameters of the Federal Advisory Committee Act (FACA) and the Trade Act, we believe there are two basic options:

- Option 1 – Open up the ITACs to all qualified representatives of not only private industry but also NGOs and other non-industry groups; and

- Option 2 – Set up another committee or committees within the present three tiered structure that would provide a forum for seeking the advice of NGOs and other non-industry groups.

The ITAC chairs strongly recommend against option 1. We do not believe that this is the best way to achieve the desired goal of broadening the scope of input received by U.S. trade negotiators. Even more importantly, we strongly caution that such a step may have long-term negative effects on the viability of the Trade Advisory System as a whole. Our concerns are based on the following considerations:

- Such a step is of questionable legality under the statutes under which we operate;
- It will diminish the quality of advice available to U.S. trade negotiators when they are making decisions critical to the nation's economic well-being;
 - The interests of many NGOs go well beyond the concerns of an individual industrial sector. To introduce them into an ITAC discussion would ultimately result in each ITAC ceasing to be sectorally focused and instead becoming a venue for debate of these interests. The result would be unfocussed input on trade policy at best and, at worst, no input at all;
 - The presence on ITACs of NGO voting members would make consensus difficult if not impossible to achieve. This means that the voice of the marketplace within the advisory system would be muted or compromised. Moreover, the presence of NGOs could create a system of self-censorship by industry which is not conducive to the government receiving the candid advice that it must have;
 - Over time, this would very likely diminish the perceived value of ITAC participation by the business enterprises which possess the necessary expertise and knowledge needed by U.S. negotiators.
- Inclusion of NGOs on the sectoral committees at tier three will essentially serve to delegate down the tough job of reaching consensus on many contentious issues.

The ITAC Chairs strongly support option 2. We recommend that USTR and DOC establish a suitable committee or committees at either the tier 2 or tier 3 level, so that NGOs can have a forum of equal weight to address trade issues. We support this approach for the following reasons:

- There is no question that this action would be permissible under the existing statutes.
- We are very confident in the ability of our trade negotiators to digest advice from a variety of forums and sources, and then sift through the input to decide on the best overall strategy to meet our mutual goal of strengthening the U.S. economy and providing secure, high paying jobs for our citizens.
- A cross cutting forum would very likely more naturally accommodate the broad interests of many NGO groups.
- This structure would give NGO groups equal access to government trade negotiators on a par with ITACs. The level of detail can be adjusted based on the needs of the participants.
- Because this suggested action obviates the need to compromise down to the lowest common denominator for both business and NGOs, we believe it is the only way that

business and other stakeholder groups can provide clear and actionable input that U.S. trade negotiators must have.

We also believe that a Plenary session should be held at least twice per year so that all members of the Trade Advisory System can meet in one forum.

We truly appreciate the opportunity to present our views on this important topic.

Respectfully submitted on behalf of the ITAC Committee of Chairs

Very truly yours,