

Questions for the Record for Committee on Ways and Means Full Committee Hearing on President's Trade Policy Agenda with Ambassador Michael Froman

July 18, 2013

**Representative Devin Nunes, CA:
Questions for Ambassador Froman**

- 1.) AUDIO-VISUAL:** The U.S. film and television industry is a network of 108,000 small businesses, 85 percent of which employ fewer than ten people. With a trade surplus of \$12.2 billion in 2011, or 6 percent of the total U.S. private sector exports in services, I am highly concerned by the European Commission's effort to remove this sector from the scope of the TTIP services negotiations. What are you doing to ensure comprehensive TTIP services negotiations?

Answer: The United States has made clear to the EU that we strongly support a comprehensive agreement without exclusions. We will advocate aggressively in these negotiations for all of our service providers, including those in the film and television industry. The companies in our audiovisual sector are major employers and make significant contributions to our economy. We raised audiovisual services with the EU in our first negotiating round in July, and will continue to raise it in future rounds. We understand that there are sensitivities in this sector on the EU side; however, we believe the T-TIP negotiations are an opportunity to sit down and explore what is possible in this sector as we work to produce an agreement that is acceptable to both sides.

- 2.) GEOGRAPHICAL INDICATIONS (GIs):** The U.S. dairy industry lost concessions gained in the US-Korea Free Trade Agreement (FTA) for dairy products because Korea accepted certain EU GIs. A similar situation is now unfolding in Latin America, which could significantly impact market access for U.S. exporters. What is USTR doing to seek assurances from our FTA partners that U.S. exporters will still be able to sell these products in those markets consistent with our free trade agreements?

Answer: The United States is working intensively through bilateral and multilateral channels to advance the interests of U.S. producers and exporters, including the American dairy industry. We have engaged extensively with our trading partners to promote and protect access to foreign markets for U.S. exporters whose products use trademarks, as well as common names like "parmesan" and "feta" cheese, including by ensuring appropriate limitations and safeguards in our trading partners' legal systems for protecting geographical indications (GIs). The United States is pressing these objectives in a variety of fora, including in the World Trade Organization (WTO) and in Asia-Pacific Economic Cooperation (APEC) forum meetings as well as in the context of U.S. free trade agreements (FTAs) and other bilateral engagements.

With respect to our FTAs, the United States continues to vigorously promote and defend market access for our dairy farmers, including in connection with the United States-Korea FTA. The United States is also negotiating state-of-the-art disciplines

protecting the use of common names in the Trans-Pacific Partnership (TPP) agreement, and is championing the interests of the dairy industry in the negotiations of the Transatlantic Trade and Investment Partnership (T-TIP) agreement. We obtained a number of relevant commitments in our FTAs with Central America, the Dominican Republic and Panama, coordinated intensively on implementing legislation for those agreements, and have sought to ensure appropriate limits on the scope of GI protection and safeguards for American producers to defend their access to those markets.

USTR responded swiftly to recent reports regarding the impact of EU GI registrations on U.S. dairy products in the Central America region by coordinating with industry and interagency colleagues and reaching out to relevant U.S. trading partners. We have received confirmation from government officials in the region of their intent to abide by their FTA commitments and domestic legislation, and we will continue to monitor events and actively engage.

My staff and I will remain vigilant and proactive as we seek to advance U.S. interests on this important issue.

**Representative Charles Rangel, NY:
Questions for Ambassador Froman**

- 1.) I was pleased to hear that USTR will be formally launching its engagement with stakeholders on the African Growth and Opportunity Act, and whether and how to update the program post-2015. I would urge you to include in those discussions fundamental inquiries into the extent to which current beneficiaries are using AGOA, what the main obstacles are to greater utilization, and the extent to which AGOA has contributed to economic growth and development in Sub-Saharan Africa. I would also urge you to look more broadly at U.S. trade capacity-building initiatives – including the AGOA trade hubs – to determine whether our efforts in that regard have promoted the use and effectiveness of AGOA. We have been engaged in many of these same inquiries on our end and look forward to coordinating our efforts with yours.

Answer: These are excellent recommendations for our comprehensive review of AGOA and will be included in our process going forward.

President Obama recently announced Trade Africa and Power Africa, two major initiatives related to sub-Saharan Africa that will help address supply side constraints. Trade Africa presents a new partnership between the United States and sub-Saharan Africa that seeks to increase internal and regional trade and economic ties between Africa, the United States, and other global markets. Beginning with the East Africa Trade hub, the current regional trade hubs will transform into hubs that promote two-way trade and investment for the benefit of both African and American businesses. Last year, the Obama Administration announced the African Competitiveness and Trade Expansion initiative (ACTE). ACTE will provide \$120 million over 4 years to build on the successes of the regional trade hubs and help nations take better advantage of AGOA. Power Africa, seeks to double access to power in sub-Saharan Africa. The

United States will commit more than \$7 billion in financial support to Power Africa over the next 5 years. Both of these initiatives should help countries improve their utilization of AGOA.

**Representative Aaron Schock, IL:
Questions for Ambassador Froman**

- 1) I am concerned about the deteriorating environment for intellectual property protection in India. In addition to concerns in the energy and medical fields, the agriculture sector faces significant challenges which inhibit innovation and agricultural research. How will this Administration work with Indian colleagues to ensure progress in the respect and protection of intellectual property rights of US based businesses, including in the agriculture sector?

Answer: I share your concern regarding the deteriorating climate for innovation in India, including recent government actions with respect to patents that have only heightened those concerns. As your question confirms, these concerns span a wide range of sectors where innovation plays a key role, including the agriculture sector. We will be engaging bilaterally with India to explore policies of concern, including as they relate to its international commitments, and to discuss alternative and more effective approaches to achieving India's domestic policy objectives. We will also identify appropriate opportunities to address our concerns through engagement in the WTO and other multilateral fora, and in coordination with like-minded trading partners. USTR will continue to work closely with other agencies, Congress and stakeholders to consider and take appropriate actions in response.

- 2) I am very concerned about the effort by some foreign governments to require businesses as diverse as U.S. manufacturers, software companies, and credit card companies to locate their servers domestically in order to do business in those foreign countries. I am not alone in my concerns; I recently led a bipartisan letter with Congressman Neal and 15 of our Ways and Means Members asking you to look into this issue.

These types of restrictions impede cross-border trade, discriminate between U.S. and domestic competitors, cost American jobs, and make it impossible for U.S. companies to provide their customers the improved efficiency and cost-savings made possible by their global scale. This is truly a 21st century trade issue. What is USTR doing to ensure that the TPP, EU, and TISA agreements include strong provisions ensuring that U.S. companies are not forced to duplicate their servers and IT systems unnecessarily?

Answer: The United States is seeking ambitious outcomes in our TPP, T-TIP and TISA agreements to ensure that U.S. companies are able to compete on the basis of competence and quality rather than nationality. Eliminating the restrictions that impede cross-border trade will result in job creation, increased competitiveness, and economic growth for U.S. businesses and workers. We share your view that forced localization of computing facilities can seriously impede trade, and have included proposals in our E-commerce chapter in TPP to address this issue. We are working on similar proposals for T-TIP and TISA.

- 3) Recently, the European Commission and U.S. regulators came to an agreement on the application of cross-border rules governing derivatives. While it is encouraging that a resolution was reached, the process was less than desirable given that after years of discussions between regulators an agreement was only reached at the last moment. Given the importance of creating compatible rules between the world's two largest capital markets, wouldn't it make sense to include financial services regulatory issues in TTIP in order to provide "legal certainty and process" to address differences at an earlier stage and help to avoid things like the last minute nature of the recent agreement?

Answer: Financial services are a critical component of the transatlantic relationship. In T-TIP, as in all our FTAs, the Administration will seek market access commitments for financial services.

Since the financial crisis, Treasury and our financial regulators have been actively engaged on a wide range of financial regulatory matters domestically and internationally. There is a robust ongoing dialogue with ambitious deadlines on international regulatory and prudential cooperation in the financial sector. This dialogue is taking place bilaterally, under the auspices of the G-20, international standards setting bodies, and other bodies such as the Financial Stability Board, the Basel Committee on Banking Supervision, and the International Organization of Securities Commissions. We expect that work to continue making progress alongside the T-TIP negotiation.

- 4) The United States has a vested interest in hopefully seeing stability return to Egypt. The Qualifying Industrial Zones with Israel in Egypt work to help promote further normalization and relations between those two countries. Recognizing this is a time of much turmoil in Egypt, in what ways are we working to help promote the QIZ program and build on its previous success in helping stabilize relations between Egypt and Israel?

Answer: The United States is committed to strengthening trade relations with partners in the Middle East and to supporting opportunities for job creation and investment. The Qualifying Industrial Zone (QIZ) program with Egypt is one important element of that effort. Since the first year of exports under the QIZ program, total trade between Israel and Egypt under the program has grown by more than \$100 million.

In March, 2013, USTR liberalized the designation of the existing QIZs in Egypt to make all production facilities, present and future, located in these zones potentially eligible to export goods duty-free to the United States. Liberalizing the current designation in this manner will increase opportunities for trade, investment and production in the existing six QIZs, which include the Greater Cairo, Alexandria, Suez Canal, Central Delta, Beni Suief and Al Minya zones.

**Representative Bill Pascrell, Jr., NJ:
Questions for Ambassador Froman**

- 1.) Many of us are deeply troubled by the deteriorating intellectual property environment in India, and concerned that other emerging markets that may see India as a model to be emulated. In particular, the US pharmaceutical industry has been subject to a confrontational climate, with nine product patents violated since 2012. Correcting India's protectionist intellectual property regime and the spill-over effects to third-countries will require firm leadership by the United States. Can you assure me this issue will receive the prioritization it deserves and you will work towards remedying the situation?

Answer: I share your concern regarding the deteriorating climate for innovation in India, including recent government actions with respect to patents that have only heightened those concerns. These concerns span a wide range of sectors where innovation plays a key role, as well as the effect that these practices have in third-countries. USTR will continue to work closely with other agencies, Congress and stakeholders to consider and take appropriate actions in response. We will be engaging bilaterally with India to explore policies of concern, including as they relate to its international commitments, and to discuss alternative and more effective approaches to achieving India's domestic policy objectives. We will also identify appropriate opportunities to address our concerns through engagement in the WTO and other multilateral fora, and in coordination with like-minded trading partners.

- 2.) The biopharmaceutical industry is a major employer and exporter in my home state of New Jersey, and I remain concerned that USTR has yet to table 12 years of data protection for biologics in TPP, especially given your goal of closing the agreement by this October. USTR should be pushing for provisions that reflect US law for biologics. How do you intend to accomplish this?

Answer: Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics, the United States has explained our system, including the 12 years of protection related to biologics and we are in the process of a thorough discussion with our trading partners on that issue. I will ensure that my staff stays in close touch with you and other Members of Congress as the negotiations continue on this important issue.

- 3.) I was glad to learn of your support for a Yarn Forward rule of origin during the hearing. Given that your negotiating strategy has Yarn Forward at its center, I'd know more about USTR's position on market access for textiles and apparel. In other words, having yarn forward combined with immediate and drastic tariff cuts on the U.S. industry's most sensitive products could be just as damaging if there were simply a weak rule of origin. These tariff reduction formulas are a critical aspect of the TPP. Are you willing to work with the U.S. industry to find the proper tariff reduction arrangement that does allow for a reasonable and adequate transition period for U.S. producers?

Answer: We have worked in close consultation with Congress, U.S. industry, and other stakeholders as we have developed our proposal for tariff elimination for textiles and apparel in the TPP negotiations. This proposal specifically addresses transition periods

and the need to appropriately treat sensitive textile and apparel products. We will continue to consult with Congress, industry and other stakeholders on matters of concern.

Our proposal in the TPP negotiations also contains textile-specific commitments to ensure strong and effective customs cooperation and enforcement, as well as a textile-specific safeguard mechanism that would allow Parties to respond quickly to any damaging increases in imports under the TPP agreement by providing temporary tariff relief to domestic producers. Both of these proposals were developed in response to domestic textile industry concerns and have been an integral part of our recent free trade agreements.

- 4.) I understand that USTR developed a short supply list for the Lima Round of negotiations. The Short Supply List means that the products on this list are deemed ‘in short supply’ or not available in a Free Trade region. The list developed by USTR contained 170 products. I was alarmed to learn from the U.S. textile industry that 81 percent of the 170 products were objected to by the industry because U.S. textile producers manufacture those products in the USA. Yet our government put those products on an exceptions list. How can U.S. government put products on a short supply list that we know are produced in the USA? Can the US government offer an exceptions list without an agreed upon rule of origin?

Answer: In cooperation with the Department of Commerce, USTR conducted extensive consultations with the textile and apparel industry representatives in developing our proposal for a ‘short supply list’ for the TPP negotiations over the course of the last two years. We have also met with union representatives on this matter. Textile and apparel manufacturers and importers were able to request products for consideration and textile producers were given the opportunity to respond to these requests. Textile producers that objected to a request were given time to provide information substantiating their ability to provide these products in commercially viable and timely manner. In many cases, we were able to broker a compromise between the requestor and the objector, but if this was not possible, products that were commercially available in the United States were removed from consideration. We are now in the process of working through proposed items for the short supply list with our TPP partners and receiving their input, which we are also reviewing closely with the U.S. textile and apparel industry.

**Representative Charles Boustany, LA:
Questions for Ambassador Froman**

- 1.) Lead-in: I applaud the fact that in the ongoing TPP negotiations, the U.S., under the able leadership of USTR, is seeking strong disciplines to cover state-owned enterprises (SOEs). I believe that we must ensure that a level playing field is achieved when SOEs are involved directly in commerce and in competition with our companies. Since TPP has every prospect of becoming a template for other 21st Century trade agreements, the decision to seek meaningful rules in this context may also be a key to improving commercial success in numerous other world markets.

Question:

As you know, the existence of these SOEs makes this issue vitally important to industries, firms and workers in this country, and expectations are high for strong results in this area. Can you confirm that you share my and my colleagues' strong interest in obtaining these results in all 21st century international agreements that you negotiate – in TPP, the services agreement (TISA) and the agreement with Europe (TTIP) and that you will do your utmost to achieve strong SOE disciplines to achieve the level playing field that we all seek?

Answer: Ensuring that there is a level playing field for our companies and workers is one of the fundamental principles of this Administration's trade policy. And one of our key priorities in the TPP is the establishment of new rules designed to ensure that commercial SOEs do not receive unfair advantages from their governments that undermine the benefits of our trade agreements and put U.S. companies and workers at a competitive disadvantage. This is one of the areas in which we are breaking new ground in the TPP and as we move forward with other important initiatives, we will of course be considering all possibilities for appropriately addressing this important issue.

2.) Follow up:

Louisiana shipyards build every kind of seagoing vessel from giant cryogenic ships used to transport liquified natural gas to some of the largest offshore oil and gas exploration rigs in the world. They also build merchant vessels, Coast Guard cutters, barges, tugs, supply boats, fishing vessels, pleasure craft and river patrol boats. As you can imagine, shipbuilding is crucial to the Louisiana economy.

Question:

Every Administration has resisted intense pressure from foreign nations to compromise our maritime programs, including the Jones Act, in international trade agreements, recognizing the potential adverse impacts on the national and economic security of this country. Can you assure me that you, as the U.S. Trade Representative, will continue these precedents established by prior Administrations and ensure that the Jones Act will not be diluted in any trade agreements that are negotiated during your tenure?

Answer: We recognize the importance that the Jones Act has for the state of Louisiana. This Administration has continuously ensured that the application of the Jones Act is permitted under each of our trade agreements. As we continue to participate in discussions where this issue may arise, including trade agreement negotiations, we will continue to take this position.

3.) Lead in:

As the Co-Chair of the U.S. China Working Group, I was pleased to hear you testify before Senate Finance during your confirmation that the U.S. relationship with China is one of the most important on the trade agenda, requiring aggressive action involving bilateral negotiations and legal enforcement of international trade laws.

Additionally, I shared your pleasure in the notable progress made on a number of US-China trade and investment issues addressed by the Strategic and Economic Dialogue's (S&ED's) economic track last week. The fact that China has for the first time agreed to negotiate a Bilateral Investment Treaty, will give numerous businesses – including a number in Louisiana – greater resources and tools to enforce their case and collect money owed to them. I too remain optimistic that this good will, will continue in the Joint Commission on Commerce and Trade later this year.

Question:

The Administration has said that trade enforcement has been a consistent priority. In carrying out its mission of seeking a level playing field for American workers and businesses, the Interagency Trade Enforcement Center (ITEC) challenges unfair trade practices of countries around the world, including China. What does ITEC contemplate when bringing a case up? Are US business interest and the fear of possible retaliation a factor in these decisions?

Answer: USTR monitors and enforces U.S. trade rights to enhance economic growth and job creation, with the goal of strengthening the middle class. Where we identify a market access barrier or failure to abide by WTO rules, we seek to obtain its removal or redress, through negotiation where possible and litigation where necessary. Under the general direction of the USTR, the ITEC Director and Deputy Director, in cooperation with the various offices within USTR and other agencies, establish priority projects for investigation. As is currently the case, a variety of factors are taken into account in setting those priorities, including economic impact of the issue, systemic impact of a resolution on international trading practices, ability to document and demonstrate the problem, available resources, and broad trade goals.

The degree to which U.S. entities have an interest in a matter and any concerns about retaliation they may have are important considerations to be evaluated in determining whether and how matters are addressed in negotiations or disputes.

4.) Lead In:

Amb. Froman, a recent paper by Ed Gresser on Trade Facilitation states that "exporting from the United States is too expensive, and exporting for small businesses is too hard. [That] sometimes ports themselves are unnecessarily costly. Complicated and/or outdated federal procedures are also to blame. Americans shipping goods abroad need to comply with sanctions, technology controls, wildlife trade laws, statistical collection, and other topics - in total, requiring paperwork filed with as many as 46 different regulatory agencies. All these forms need to be filed on paper; and - especially troublesome for smaller businesses - there is no single on-online site to find and file all the forms."

Question:

Do you believe that we should foster greater coordination between officials at the State and Federal levels, along with export-oriented businesses to support our domestic trade infrastructure to foster systems/structures to facilitate US exports? Can you comment on this, and how it fits with the President's goal of doubling exports by 2015.

Answer: The Administration has been focused on trade facilitation initiatives and improving supply chain connectivity in our trade policy, including through negotiations in the WTO, in our bilateral negotiations and in APEC, and we certainly agree with the notion of “practicing what we preach.” While the U.S. system already features a number of trade facilitative practices, such as pre-arrival processing, advance rulings and special procedures for express shipments, we are working with other agencies as part of the Administration’s efforts to introduce additional innovations in U.S. customs and border practices.

**Representative David Reichert, WA:
Questions for Ambassador Froman**

- 1.) I am strongly supportive of the TPP negotiations, and glad you are leading USTR at this important time. I look forward to working with you to ensure that we can complete this agreement this year. There are several critical issues, however, that are still outstanding, including data protection for biologic medicines.

As you know, current U.S. law provides for 12 years of data protection for biologics. This issue was raised by several Members, and I join them in urging you to seek the same amount of intellectual property protection for American innovators in the TPP. Do you intend to seek this same level of protection?

Answer: Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics, the United States has explained our system, including the 12 years of protection related to biologics and we’re in the process of a thorough discussion with our trading partners on that issue. I will ensure that my staff stays in close touch with you and other Members of Congress as the negotiations continue on this important issue.

**Representative Erik Paulsen, MN:
Questions for Ambassador Froman**

- 1.) **India:** As you well know, India is requiring local production of a wide range of manufactured goods in violation of basic and longstanding global trade rules. These requirements appear to be designed to give their domestic corporations an unfair advantage over manufacturers and workers in the United States.

Other countries are watching and learning from India’s discriminatory actions. As our economy continues to struggle to return to robust growth and create economic opportunities, I am very concerned we could be seeing the beginning of a trend that threatens jobs, small businesses and communities in this country.

What is USTR doing to address these forced localization measures in India, given their impact on manufacturers and workers in the United States?

What measures are you taking to dissuade the Government of India as well as others from following these practices?

Answer: Addressing localization practices is a priority in USTR's bilateral engagement with India. We have pressed our concerns in a variety of bilateral fora, including the Trade Policy Forum, Energy Dialogue, and the Information and Communications Technology Dialogue, and have joined other trading partners in highlighting this issue in multilateral fora such as the WTO. Where appropriate, as in the case of India's solar local content requirements, we are enforcing U.S. rights through WTO dispute settlement. This is supported by and consistent with the work of the interagency task force on localization barriers to trade, established by USTR in 2012 to further develop and execute a more strategic and coordinated approach to stopping these types of practices and dissuading countries from adopting localization policies.

2.) TPP – Textiles: Several of my colleagues and I sent a letter to your predecessor Ambassador Kirk nearly two years ago signaling hope the US will adopt a modern and more flexible approach to apparel rules of origin in our trade agreements. We've seen very little change in the US negotiating position on apparel, with the limited exception of a short supply concept that I'm told is unlikely to yield significant trade liberalization. In your recent written responses to Senate colleagues with similar views, you have committed to finding an appropriate balance between the divergent views of different stakeholders and to ensuring that the approach we take in TPP best supports American jobs.

What opportunities can USTR pursue for textiles trade liberalization beyond the short supply approach?

Answer: We have worked very hard to find an innovative and effective way to provide for limited exceptions to the yarn-forward rule of origin in the TPP agreement for "short supply" inputs. We believe the approach we have crafted, that of permitting permanent and temporary allowances for non-regional inputs where appropriate, serves the purposes of making exceptions to the rule of origin where inputs are not commercially available, attracting investment in productive capacity to the region, and providing for an environment of business certainty.

Overall, our objectives for the TPP are to encourage and promote regional production and trade for the textile sector, to advance regional economic integration and to obtain significant market access opportunities for our industries. We are also seeking special customs enforcement procedures and commitments, as we have in past agreements, so that we can ensure the integrity of the agreement. We recognize that this requires a careful balancing of interests in the sector.

**Representative Kenny Marchant, TX:
Questions for Ambassador Froman**

- 1.) As you know, our relationship with Taiwan is unique, and our unofficial relations are governed by the Taiwan Relations Act of 1979. Additionally, Taiwan is a longstanding friend of the United States, with a well-established trade relationship. In fact, Taiwan and my home state of Texas also have a very close trade and investment relationship. In 2012, goods and services trade totaled \$63.2 billion, and talks under the bilateral Trade and Investment Framework Agreement (TIFA) resumed earlier this year. Given our important relationship with Taiwan, what are the key challenges and opportunities ahead for the US-Taiwan trade relationship -- in particular with bilateral investment -- and what is USTR's plan to strengthen the trade relationship?

Answer: As you note, the United States and Taiwan have a strong and important bilateral trade and investment relationship. The TIFA meetings held in March 2013 allowed us to engage on the full range of issues facing U.S. exporters and investors in Taiwan, including focusing on opening up foreign trade and investment, harmonizing Taiwan's domestic measures with international standards, and consistently adhering to trade commitments. On bilateral investment, at the 2013 TIFA, Taiwan and the United States reaffirmed our shared commitment to open, transparent, and non-discriminatory international investment policies through the endorsement of Shared Principles for International Investment. We also established an Investment Working Group, which will provide a regular forum to address concrete issues of concern to investors on both sides and to explore possible ways to deepen cooperation.

**Representative Kevin Brady, TX:
Questions for Ambassador Froman**

- 1.) The fuels quality directive calls upon the European Union to lower carbon emissions by 6% by 2020. However, the proposed modification to article 7a calls for a separate higher CO₂ default value for oil sands, while allowing other higher CO₂ emitting crudes to apply a lower average default value. This proposal is discriminatory, environmentally unjustified and could constitute a barrier to U.S.-EU trade. According to EIA, in 2012 alone the movement of gasoline and diesel between the EU and U.S. accounted for \$32 billion dollars in trade. American jobs and regional economies depend on a continuance of this robust fuels trade. It is important we protect existing U.S. refining jobs and do not implement policies that would harm our economic system and relationships with valuable trade partners.

Do you intend to raise this issue during these early stages of the TTIP negotiations?

Do you agree it is important that the EU does not limit the United States as a trading partner for our excess Diesel?

As a member of Congress it is of the utmost importance to protect American jobs and trade relationships, could you speak to the plans to bring up this important issue during the US TTIP negotiations with the EU?

Answer: I share your concerns regarding the European Union's development of proposals for amendments to the Fuel Quality Directive. Of particular concern has been the lack of adequate transparency and public participation in the process, and I have raised these issues with senior Commission officials on several occasions, including in the context of the

Transatlantic Trade and Investment Partnership (T-TIP). We continue to press the Commission to take the views of stakeholders, including U.S. refiners, under consideration as they finalize these amendments.

We are seeking through the T-TIP negotiations improvements in the EU's overall regulatory practices. In particular, we are interested in promoting an open and accountable process for the development of regulations in the EU, specifically with respect to non-European stakeholders.

As our negotiations with the EU continue, my staff and I will keep you apprised of our progress.

2.) The U.S. health care sector holds enormous potential for global growth. The health sector is today the single largest component of the world economy, accounting for almost \$7 trillion of \$63 trillion in global GDP in 2010 (World Bank). Over the next two decades, as the world's population grows older, more affluent and more urban, spending on health care will steadily rise, and the sector will be one of the world's main drivers of demand, growth, scientific progress and innovation. U.S. healthcare companies are collectively the largest private-sector employers in America today - and can do much more as they serve a growing world demand for high-quality care, health insurance, pharmacy, hospital management, new devices, new medicines, and infrastructure and IT.

The current Administration's 2010 National Export Initiative goal -- doubling exports by the end of 2014 -- is, in President Obama's words, "*designed so that U.S. Government agencies are focused and are working together to ensure that our companies have access to these markets, and that all companies, large and small, get the assistance they need to compete on a fair and level basis with foreign competitors.*" No sector can contribute more to achieving NEI's goals than the health care sector.

Yet the healthcare sector is dramatically under-represented in our trade-and-investment promotion infrastructure, relative to its present prominence and future potential.

It's my understanding that within the Office of the USTR, no one senior individual today holds a specific health care sector portfolio despite the complexity of health care related issues like multiple regulatory systems, payment methods, and government budget pressures.

In contrast, senior leaders, and indeed dedicated teams, are specifically tasked to address trade, investment and procurement issues related to agriculture and commodities, textiles and apparel and natural resources -- and their success in identifying and addressing specific sectoral challenges makes a strong case for a similar approach dedicated to the much larger health sector.

This new position would immediately confront a full plate of health sector-specific challenges. In many cases, outmoded trade barriers keep the best health technologies, services, and therapeutic advances out of the hands of patients around the world. These barriers take many forms: tariffs, non-tariff barriers, nontransparent government

procurement, services entry restrictions, state-owned and state-supported enterprises, investment limits and intellectual property rights non-recognition. In addition to what can be achieved on a bilateral basis, multiple trade negotiations in play –including the Trans-Pacific Partnership, a U.S.-EU Trade and Investment Partnership and the WTO’s Information Technology Agreement Expansion and International Services Agreement – offer a chance to address these barriers.

Can you support the creation of a position in USTR dedicated to health care trade? This position would be responsible for coordinating policy with industry, other offices within USTR, and agencies in the U.S. government. The position would lead on trade issues related to health care especially within trade agreement negotiations.

Answer: Trade in healthcare goods and services is a promising area where the United States is highly competitive. USTR has staff focused on the healthcare sector from both the goods and services perspective and continues to support increased exports in this area. We are willing to work with you to look into whether more can be done while balancing the diverse interests and sensitivities in an area that affects everyone.

**Representative Linda Sanchez, CA:
Questions for Ambassador Froman**

- 1.) As you may know, I have been highly critical free trade agreements (FTA) in the past because all too often the agreements were unfair to hardworking Americans. They certainly produced a lot of wealth for some, but it was largely at the expense of U.S. workers and particularly our manufacturing base. This resulted in wage stagnation, pension cuts and reduced bargaining power for workers.
 - What will you do differently in the Trans-Pacific Partnership (TPP), the Transatlantic Trade and Investment Partnership (TTIP), and Trade in Services FTA to make sure that the gains are not concentrated in the hands of a few, and the costs widely dispersed among America’s working families?

Answer: President Obama’s trade policy continues to be focused on promoting growth, supporting jobs and strengthening the middle class in the United States. USTR contributes to this effort by opening markets around the world so that we can expand our exports, leveling the playing field so we can compete and win in the global economy, and by ensuring that the rights and trade rules we have fought so hard for are fully implemented and enforced. Trade agreements, negotiated and enforced vigorously to reflect both our interests and our values, give U.S. workers, farmers and ranchers; manufacturers and service providers; innovators, creators, investors and businesses of all sizes the best chance to compete around the world and thereby benefit a broad spectrum of Americans.

Within the context of TPP:

- 2.) I believe that we need to seek strong intellectual property (IP) protections for U.S. innovators. We cannot afford to get the substance of this wrong, especially when dealing

with countries that often have a poor IP environment.

- I trust you feel the same, but would like to know how USTR plans to accomplish the goal of protecting IP for U.S. innovators.

Answer: One of our key priorities in the TPP negotiations is to build a modern legal infrastructure to protect intellectual property (IP) rights around the world, and to ensure effective enforcement of IP rights to maintain markets for the full range of job-supporting exports of products and services embodying American creativity and innovation. Our IP-intensive exports include not only our advanced business software and popular films, music, books and video games, but also an endless variety of innovative U.S. manufactured goods and trusted brands; these span every sector that benefit from stable protection for and enforcement of patents, copyrights, trademarks, trade secrets, pharmaceutical and agricultural chemical test data, and other forms of intellectual property. On that basis, we are advancing a robust IP chapter in the TPP negotiations to foster state-of-the-art protection and strong enforcement of IP rights in the 21st century. Our goal is to achieve high standards of IP protection and enforcement in the Asia-Pacific region that will stand alongside previous U.S. FTAs in the region, such as the United States-Korea FTA.

3.) Vietnam is insisting on a flexible rule of origin — or “single transformation” — for textiles in TPP. This would allow them to continue to buy Chinese government-subsidized components for its apparel for duty free export to the U.S. The U.S. has insisted on the yarn forward rule of origin which has governed the U.S.’s free trade agreements for the past 25 years. This rule ensures that apparel components are manufactured in the FTA region, and the FTA countries benefit as a result. There is an extremely wide gulf between these two positions.

- If USTR were to adopt a flexible rule of origin in TPP, what would be the impact on U.S. textile manufacturers?
- Is USTR concerned that adopting a flexible rule of origin could allow China to use Vietnam as a “backdoor” to sell its textile products to the U.S. market? Are there any good reasons why China should benefit from TPP without being a party to the talks or held to its provisions?

Answer: We have worked very hard to find an innovative and effective way to provide for limited exceptions to the yarn-forward rule of origin in the TPP agreement for “short supply” inputs. We believe the approach we have crafted, that of permitting permanent and temporary allowances for non-regional inputs in cases of insufficient production of inputs in the TPP countries. In addition, we are seeking to ensure that the benefits of the TPP are limited to the countries that will be party to the agreement through carefully crafted rules of origin and including special customs procedures to ensure the proper enforcement of those rules and other related commitments.

Within the context of TTIP:

- 4) I recently joined about 160 of my colleagues, Democrats and Republicans, in sending a letter to you requesting that you inform the EU that the U.S. will continue to negotiate air traffic rights the same way we have negotiated for over 20 years. Including air traffic rights in the TTIP raises national security and economic concerns.

- Did you get the letter and when can we expect to see a response from USTR?

Answer: I very much appreciate the views expressed in the letter about the importance of ensuring that the T-TIP does not undermine the negotiation of air traffic rights through the “Open Skies” agreements. We recognize that the coverage of air services has always been limited in U.S. trade agreements, and particularly that trade agreements have not previously covered air traffic rights. USTR has a very close working relationship with the Department of Transportation and the Department of State, and will continue to involve them directly in any discussion of air services.

- 5) There are a range of global challenges and opportunities that will confront you as you lead USTR. An example of this is our relationship with India. India is a vital ally in Asia and one with whom we have an important and rapidly growing relationship. As you know, India has made a number of decisions related to incremental innovation, patentability, and compulsory licensing over the last year which threaten to spread to other markets and slow down overall R&D investment.

- How will USTR work with India to ensure the best possible trade relationship between our two countries?

Answer: Strengthening our trade and investment relationship with India is a priority for USTR. In my meeting with Indian Commerce Minister Sharma shortly after I was confirmed, and again in Brunei, I made clear that this required progress on our many issues of concern, both bilaterally and in the WTO, including in the run-up to Prime Minister Singh’s September visit to Washington. In order to achieve this progress, we need to increase bilateral engagement on trade and investment policy issues under the U.S.-India Trade Policy Forum and the WTO, as well as other bilateral and multilateral fora. As I also discussed with Minister Sharma in Brunei during the week of August 19, increased staff-level engagement will help lay the critical substantive foundation for a successful ministerial-level meeting of the Trade Policy Forum at the earliest opportunity. We also hope to build on the many growing areas of convergence in our economic interests to find additional opportunities for collaboration that will help us realize the full potential of this important relationship.

**Representative Mike Thompson, CA:
Questions for Ambassador Froman**

- 1.) While we have seen strong export growth in recent years, the U.S. wine industry still faces significant tariff and non-tariff barriers all over the world, including countries participating in

the Transatlantic Trade and Investment Partnership (T-TIP) and Trans-Pacific Partnership (TPP) negotiations. What is your strategy for addressing these barriers, including unfairly high import duties on wine from countries like China? Can you commit to working with my office and stakeholders to ensure these trade negotiations produce agreements that expand export opportunities and lower barriers for U.S. wine?

Answer: My office has been working hard to expand export opportunities for U.S. wine by reducing both tariff and non-tariff barriers. In the TPP negotiations, we are negotiating an annex to the chapter on technical barriers to trade that contains a variety of provisions aimed at preventing and reducing non-tariff barriers for wine and distilled spirits. The provisions will reduce costs related to labeling, testing and certification, and promote greater alignment in regulatory approaches among the TPP countries. The TPP and T-TIP negotiations offer the opportunity to reduce tariffs on U.S. wine exports to the Asia-Pacific region and the European Union (EU), respectively. As part of these negotiations, the United States aims to eliminate all tariffs and duties, with the elimination of a substantial number of tariffs upon entry into force. Tariffs on wine in the EU and a number of our TPP negotiating partners are generally higher than U.S. tariffs.

In 2012, China was the fifth largest market for U.S. wine exports. Although China is not a negotiating partner in TPP or T-TIP, my office will continue our bilateral engagement to expand export opportunities through the lowering of non-tariff barriers to U.S. wine exports.

2.) While the 2006 bilateral wine trade agreement between the U.S. and the European Community isn't perfect, it is a good start, and it established a framework for discussions between all of the parties involved, and any effort to re-negotiate the agreement would be very counterproductive for our industry. What is your position on this agreement? What is your strategy to make sure that the contents of this critical agreement are protected?

Answer: It is our intention to pursue the elimination or reduction of tariff barriers to wine in the T-TIP negotiations. In addition, it may be possible to address certain non-tariff barriers affecting bilateral trade in wine in the T-TIP while continuing to work on issues covered by the bilateral wine agreement within that framework. Neither the United States nor the European Union has expressed interest in re-negotiating the bilateral wine agreement in the T-TIP.

3.) I want to highlight the challenges Napa Valley has had all over the world with counterfeit and imitation wines, where winemakers want to trade on the Napa Valley name, producing inferior wine and putting on it a Napa Valley label. One of the ways we've fought to protect brand integrity against counterfeit wine is through the Geographical Indication (GI) system, and by receiving GI status and protection in the European Union, China, India, and other countries. What can the USTR do to help the Napa Valley's efforts to protect their brand integrity from these challenges, including help Napa Valley register their GI in other countries? Will you commit to working with me to ensure that their concerns receive the appropriate support from USTR?

Answer: USTR is committed to strengthening global protection of intellectual property. We actively pursue specific trade concerns identified by stakeholders to ensure that trade partners are abiding by their international obligations, including their systems for registering GIs. In addition, we work with interagency partners in USDA, Department of Commerce and the U.S. Patent and Trademark Office to engage in technical cooperation with other countries to improve their ability to protect against counterfeiting.

- 4.) Several of my colleagues and I sent a letter to your predecessor, Ambassador Kirk, nearly two years ago (attached) signaling that it is time for the U.S. to adopt a modern and more flexible approach to apparel rules. Despite that letter and others, we've seen very little change in the U.S. negotiating position on apparel, with the limited exception of a short supply concept that I'm told is unlikely to yield significant trade liberalization. In your recent written responses to Senate colleagues with similar views, I saw that you committed to finding an appropriate balance between the divergent views of different stakeholders and to ensuring that the approach we take in TPP best supports American jobs. How are you maintaining that balance? Can you commit to finding more opportunity for trade liberalization in that balanced approach than just short supply? What other provisions aside from short supply are you considering for inclusion in the TPP?

Answer: We have worked very hard to find an innovative and effective way to provide for limited exceptions to the yarn-forward rule of origin in the TPP agreement for "short supply" inputs. We believe the approach we have crafted, that of permitting permanent and temporary allowances for non-regional inputs where appropriate, serves the purpose of making exceptions to the rule of origin where inputs are not commercially available, attracting investment in productive capacity to the region, and providing for an environment of business certainty.

Overall, our objectives for the TPP are to encourage and promote regional production and trade for the textile sector, to advance regional economic integration and to obtain significant market access opportunities for our industries. We are also seeking special customs enforcement procedures and commitments, as we have in past agreements, so that we can ensure the integrity of the agreement. We recognize that this requires a careful balancing of interests in the sector.

- 5.) Now that Japan has joined the TPP, it is critical that U.S. negotiators hold Japan to Prime Minister Abe's joint statement of February with President Obama that all tariff lines are on the negotiating table. The U.S. rice industry, with U.S. government support, has worked for nearly two decades to open, establish, and grow the market in Japan for U.S. rice. Japan is a global political and economic leader and its extreme protectionism is inconsistent with such leadership. The TPP negotiations offer the opportunity to bring this commitment and investment to the next level by securing meaningful improvements in U.S. rice access. What steps will the administration take to insure that Japan will not exempt rice from TPP negotiations? If rice is included, what do you consider an adequate opening of the Japanese rice market to foreign rice? How does the administration intend to engage the U.S. rice industry in developing a negotiating strategy that advances market access for U.S. rice? Can you guarantee you will not negotiate rice away like what happened in the South Korea-U.S.

FTA negotiations?

Answer: Japan's market remains of great importance to U.S. rice producers, millers, and exporters. In a Joint Statement issued by both Governments on February 22, 2013, Japan confirmed that should it participate in the TPP negotiations, it would subject all goods to negotiation and would join other TPP partners in achieving a comprehensive, high-standard agreement. USTR continues to be clear with Japan on this issue, including underscoring again the importance of achieving a comprehensive TPP agreement in my recent meetings with my Japanese counterparts in Tokyo this August. USTR looks forward to continuing its active engagement with Congress and industry stakeholders as we work to successfully conclude an ambitious, high-standard TPP agreement.

6.) The United States has always sought to maintain a secure defense industrial base that can meet the needs of our military in a time of political or military crisis. I am concerned that USTR's policy of using Free Trade Agreements (FTAs) to extend certain duty free treatment to industrialized countries like Japan will make it more difficult to maintain a secure industrial base in the United States. What will you do in your role as United States Trade Representative to make sure the adoption of FTAs will not undermine important segments of America's defense industrial base like America's titanium industry?

Answer: The Administration launched the TPP negotiations with the objective of achieving a high-standard, 21st century trade agreement aimed at increased trade and investment with the robust economies of the Asia-Pacific region, which will support the creation and retention of jobs and promote economic growth in the United States. We are committed to eliminating tariff and non-tariff barriers to achieve enhanced, reciprocal market access for the United States, which should serve to enhance the security of supply of many metals and other raw materials critical to the U.S. defense industrial base. We are carefully considering your concerns on this issue as well as the comments provided by stakeholders as we proceed in our discussions with Japan and other TPP countries.

7.) I have heard from several of my constituents about the need for greater openness and transparency in TPP negotiations. However, I also respect the sensitive nature of international trade negotiations. What do you see as the right balance between transparency and protecting sensitive information to ensure a successful final agreement? What steps has USTR taken to engage with stakeholder groups to ensure that their concerns are heard during this process? What are your plans to engage with stakeholders on T-TIP negotiations?

Answer: The Administration is committed to a high level of transparency in all of its trade negotiations, and has a strong record of outreach and consultation with the public. We value the views of the public, stakeholders, and Members of Congress. Regarding the TPP negotiations, to ensure public input, USTR solicited written comments from the public on numerous occasions, and also held public hearings in 2009, and subsequently as new partners were included in TPP. In addition, since 2009 USTR has heard from and shared information with a wide variety of stakeholders including industry, civil society, non-governmental organizations, labor unions, and academia in hundreds of meetings and briefings on the TPP negotiations. USTR has also invited public stakeholders to be on-site

at each of the U.S. hosted TPP rounds to interact with negotiators and hundreds of stakeholders to date have registered and participated in those various events.

Regarding the T-TIP negotiations, the Administration sent a public notification letter to Congress in March, which explained our objectives for the T-TIP negotiation in considerable detail and we spent three months consulting on those negotiating objectives with Congress and trade stakeholder groups. During our 90-day consultation period, the Administration received almost 370 comments from the public and heard from more than 60 witnesses at a public hearing, in response to a request published in the *Federal Register* seeking comments on U.S. negotiating objectives for T-TIP. In addition, during our first round of T-TIP negotiations, held in July in Washington, D.C., we hosted 350 global stakeholders at a series of stakeholder engagement events to ensure that multiple perspectives and a balance of views continue to inform U.S. negotiating positions.

We will continue to consult with stakeholders and Congress throughout negotiations, both one-on-one and through our broad-based trade advisory committee system – which includes representatives of industry, environment, public interest, academia, and labor unions, to craft the most effective trade policy for the American people. We will achieve a stronger outcome if multiple perspectives and a balance of views continue to inform our negotiating positions and we look forward to continuing to work with you towards that end.

8.) The 2002 Trade Promotion Authority (TPA) law established the ‘Congressional Oversight Group’ (COG) to include more Members of Congress in the process. Unfortunately, the COG does not appear to have achieved that purpose. Will you work with us to develop new mechanisms in TPA to ensure that Members of Congress play a more meaningful role in the negotiation process?

Answer: Transparency is a very important issue. We believe it is critical that Congress, stakeholders, advisers, and the public have a robust policy of engagement to ensure that we are getting the best input possible. USTR is ready to work with Congress to craft a TPA bill that achieves our shared interest and goals as part of a package that ensures American workers have the support and skills they need to compete in the global economy.

**Representative Peter Roskam, IL:
Questions for Ambassador Froman**

1.) AMBASSADOR FROMAN: As co-chair of the India Caucus, it impresses me to see how far India as a country has come in the last few decades and how far the US-India relationship has come as well. However, the trade relationship has become more difficult as of late due to issues such as intellectual property rights, forced localization, regulatory transparency, agricultural tariffs, and the Indian government’s disposition in WTO negotiations. There have been a few green shoots recently with the Indian government shelving, at least temporarily, part of its Preferential Market Access policy and raising FDI caps. They have also signaled a willingness to bring some regulatory clarity to the direct selling industry and additional clarity to multi-brand retailers, although the devil will be in the details. What steps

is USTR planning to take to prevent backsliding on the issues where progress has already been made; for instance, to make sure that the PMA policy remains shelved? I would also like to put a plug in to encourage the resumption of the Trade Policy Forum and to encourage the resumption of BIT negotiations as soon as possible. I believe the conclusion of a high-standard BIT is an important long-term goal for the trade relationship.

Answer: I share your concerns about a number of policy actions taken in India that have a negative effect on trade, investment and innovation. At the same time, I recognize the recent positive steps taken by the Indian Government, including the announcement to raise certain FDI caps and the decision to review the Preferential Market Access policy. In my recent meetings with Minister Sharma, shortly after confirmation and again more recently in Brunei, I welcomed these decisions as an initial step in the right direction. I also underscored that we remain concerned about a range of issues, including IPR, localization measures, and India's stance in the WTO negotiations. The increased staff level engagement under the Trade Policy Forum to which Minister Sharma and I committed in these meetings will provide opportunities to address these issues and will help lay the foundation for a productive ministerial-level meeting of the Trade Policy Forum at the earliest opportunity. We also remain committed to concluding a high-standard BIT with India as our negotiating teams continue to explore ways to advance those discussions.

2.) AMBASSADOR FROMAN: Most TPP nations measure commercial truck lengths from the front bumper of the tractor to the rear of the trailer. In the U.S., at least since the 1980s, we measure the length of the trailer. This regulatory divergence has driven the development of two, contrasting schools of truck design: streamlined aero-nosed products in the U.S. and shorter, blocky cab-overs in the rest of the world. And while U.S. aero-nosed truck tractors are not specifically banned in TPP nations, they are at an economic disadvantage because every measured inch of the tractor up front means less space for paying cargo. So, unless the TPP includes harmonization of truck length measurements, U.S. commercial vehicles will remain at a regulatory and economic disadvantage. Does the KORUS FTA provide U.S. negotiators with a useful precedent for addressing the matter of truck length regulations within the TPP?

Answer: As a regional trade agreement between twelve partners, the TPP is forging a new 21st century FTA model, which focuses on market access and regional integration, including important objectives regarding regulatory coherence. A successful TPP agreement will provide a strong framework for addressing issues like truck length measurements in relevant TPP markets.

3.) AMBASSADOR FROMAN: As I understand it, the United States and European Union are considering whether to include discussions to improve the level of regulatory cooperation between European and US financial sector regulators as part of the ongoing US-EU negotiations. It appears that these efforts could complement ongoing regulatory dialogues, improve regulatory cooperation, and reduce the likelihood of cross-border disputes. How do you plan to address these issues in these negotiations?

Answer: Financial services are a critical component of the transatlantic relationship. In T-TIP, as in all our FTAs, the Administration will seek market access commitments for financial services.

Since the financial crisis, Treasury and our financial regulators have been actively engaged on a wide range of financial regulatory matters domestically and internationally. There is a robust ongoing dialogue with ambitious deadlines on international regulatory and prudential cooperation in the financial sector. This dialogue is taking place bilaterally and under the auspices of the G-20 and international standards setting bodies and other bodies such as the Financial Stability Board, the Basel Committee on Banking Supervision, and the International Organization of Securities Commissions. We expect that work to continue making progress alongside the T-TIP negotiation.

**Representative Richard Neal, MA:
Questions for Ambassador Froman**

- 1.) Ambassador Froman, one issue that I hope will be addressed as USTR negotiates the US-EU trade agreement is that of levies that are assessed in a number of EU member states on digital products such as smart phones, tablets, personal computers and other products that store data. So-called “collecting societies” in various EU countries apply these levies, which can be as high as 3.5%, which can mean as much as an additional \$25 on the price of a typical PC. My concern is that these levies are not always transparent, and they are not uniformly applied across the EU. Further, they undermine the very spirit of this trade agreement as well as the WTO Information Technology Agreement because they raise the cost for US technology companies and for consumers that want to buy computers and other digital devices. Can you tell us how you plan to handle this issue in the negotiations? Is removal of these levies an option, which is consistent with USTR’s objective for the TTIP to “eliminate all tariffs and other duties and charges on trade”.

Answer: Our key objectives in T-TIP include improving market access opportunities for trade in innovative technology products and promoting strong protection and enforcement of intellectual property rights. As you state, private copying levies are assessed in the EU and other markets that permit private copying of copyright-protected content in order to compensate rights holders. Such levies, where set and applied appropriately, serve to help ensure that the economic rights of U.S. creators in their works can be fully realized. However, this purpose can be defeated when levies rates are developed, assessed and distributed without adequate opportunity for stakeholder input. Likewise, ensuring transparency as well as confining allocation to collecting societies and rights holders is critical in preventing the imposition of inappropriate costs on U.S. technology exports under any such levy system. As the T-TIP negotiations proceed, USTR will continue to engage with Members of Congress and interested stakeholders with respect to the EU private copy levy regime in order to advance and defend the interests of all U.S. businesses, creators and workers with a stake in this important issue.

- 2.) Ambassador Froman, I would also like to address the importance of protecting trade secrets in trade agreements, particularly as we look to the EU negotiations. As you know, trade

secrets, which generally include any confidential business information such as a manufacturing process, are an extremely valuable asset to American businesses. Often these businesses invest substantial amounts of resources into developing trade secrets. The entire economic value of a trade secret stems from the competitive advantage conferred by the secret nature of the information. Once disclosed, trade secrets lose their competitive value and cannot be recovered because, unlike patents, trade secrets do not give their owner an exclusive right to use the information. Unfortunately theft of trade secrets, especially by or for foreign entities, has dramatically increased due to greater global competitiveness and increased access to information through the digital infrastructure that drives the information economy.

Under current U.S. law, the Economic Espionage Act, a lawsuit cannot be brought against a foreign entity that steals U.S. corporation's trade secrets, regardless of the extent of the damage done in the U.S. Can we use trade agreements to set a higher standard and close this loophole, perhaps starting with the US-EU agreement?

Answer: Protecting trade secrets is a critical priority of the Administration. Innovation and creativity are among America's many competitive advantages, essential not only to our economy, but the social welfare of all Americans. However, economic espionage and trade secret theft, including through cyber intrusion is on the rise. As the 2013 Administration Strategy on Mitigating the Theft of U.S. Trade Secrets makes clear, such theft "threatens American businesses, undermines national security, and places the security of the U.S. economy in jeopardy. These acts also diminish U.S. export prospects around the globe and put American jobs at risk."

The Administration is committed to using trade policy tools to increase international enforcement against trade secret theft to minimize unfair competition against U.S. companies. Specifically, USTR initiatives will include cooperating with trading partners to curb trade in goods and services contained stolen trade secrets, enhancing the use of the Special 301 Report to identify concerns with respect to trade secret protection in foreign markets, and promoting trade secret protection in all appropriate bilateral, regional and multilateral trade discussions, including the WTO and APEC. Critically, USTR is using trade negotiations such as those on the TPP and the T-TIP to advance trade secret protection

**Representative Todd Young, IN:
Questions for Ambassador Froman**

- 1.) Our preference programs further both our national security and economic interests and provide important benefits to developing countries, and in particular, to the least developed. At the 2001 WTO's Doha Conference, members renewed their commitment to help least-developed countries and to improve market access for products from these countries.
 - What is the Administration doing to ensure that the least developed countries are able to fully utilize the benefits available under our preference programs?

Answer: The United States provides tariff preferences to 44 least developed countries (LDCs) through three different trade preference programs: the Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), and the Haitian Opportunity through Partnership Encouragement (HOPE) Act. However, legal authorization of the GSP program expired on July 31, 2013. As a result, GSP-eligible imports from most LDC beneficiary countries (except those also eligible for AGOA) are currently subject to regular (MFN), non-preferential duties. We urge Congress to extend GSP, a program that increases U.S. competitiveness, keeps costs low for U.S. consumers, and benefits some of the world’s poorest countries.

The U.S. Government helps LDCs make the most of these trade preference programs through information and outreach efforts and via technical assistance. For example, the three USAID-funded Africa Regional Trade Hubs – in Ghana, Botswana, and Kenya – work with African businesses and governments to help them identify and develop trade opportunities under AGOA and GSP. In addition, USTR has carried out GSP outreach programs in many non-African LDCs – including Nepal and Afghanistan in 2012/2013 – to help businesses in those countries understand the program’s requirements and diversify their exports to the United States.

- **How does the shift to post-Doha negotiations at the WTO, including an expansion of the Information Technology Agreement and a trade facilitation agreement, benefit developing countries?**

Answer: While it was not considered as a “post-Doha” stage of negotiations, WTO Members did agree at the 2011 WTO Ministerial to focus on those areas of the Doha Round negotiations “where progress can be achieved.” Since then, the United States and other WTO Members have focused on, among other issues, completing an agreement on trade facilitation.

With respect to trade facilitation, the benefits for developing countries of reducing the time and costs associated with goods held at the border are well established. In some cases, developing country traders face release times exceeding 40 days, which significantly hinder regional trade, particularly in Africa. The OECD’s most recent analysis (March 2013) on the draft trade facilitation provisions finds that the potential cost reduction of all the trade facilitation measures combined is greater than the sum of their individual impacts - almost 14.5 percent for low-income countries, 15.5 percent for lower-middle-income countries, 13.2 percent for upper-middle-income countries and 10 percent for OECD countries. Thus, the benefits from the trade facilitation provision are even greater for developing countries than for developed countries.

With regard to expansion of the Information Technology Agreement, eliminating duties on these types of products benefits both the producers and consumers of these products, in developing countries. Eliminating duties can reduce the cost of production and, when those lower costs are passed along, reduce the cost of a wide range of products to consumers.

- In recent years, Europe has insisted that developing countries, including least developed countries, sign Economic Partnership Agreements in order to continue to receive preferential market access. I am concerned that Europe's demands disadvantage U.S. exporters and inappropriately link unilateral preference programs to preferential market access for European companies. What is the Administration doing to address this issue?

Answer: We recognize the potential economic, trade and development implications of these new EU agreements. Working with our developing country partners, as well as through our recently-announced AGOA review process, we will continue to seek information on EPAs and their impact on our trading relationships. We also seek to carefully review the final agreements when they become available to determine what action may be called for.

- 2.) In Canada, courts have created a standard for patent utility (whether or not a patent is useful) which is contrary to its international obligations. These decisions have significantly impacted businesses in my home state, Indiana, and around the country.
- While much of your enforcement focus is clearly aimed at emerging economies like India and China, what can USTR do to address these serious IP issues with a country like Canada, which is a highly-developed, wealthy nation with significant ties to us through our massive trading relationship and shared border?
 - Does the fact that Canada's IP issues continue to fester not embolden other countries to do the same?
 - What are your plans to address this issue before it spreads?

Answer: USTR is aware of this concern and is working to address it. As your question suggests, it is important that all trading partners respect and properly apply the internationally-accepted criteria for obtaining a patent, including the utility standard. We noted our serious concerns about heightened utility requirements for patents in Canada in USTR's 2013 Special 301 Report, and we have raised the issue with the Government of Canada. I will continue to ensure that USTR works with representatives of the affected companies and industries on ways to address these concerns and to engage with the Government of Canada on these issues.

**Representative Tom Reed, NY:
Questions for Ambassador Froman**

- 1.) Job creation is one of the most important challenges facing our country and upstate New York. Our trade remedy laws are critical to ensuring future job growth as well as preserving existing jobs. In fact, millions of American workers, including workers in my district, depend on our antidumping and countervailing duty laws to compete against unfairly traded imports. Unless these existing laws are fully enforced, we will continue to lose jobs due to dumped and subsidized imports, and our domestic manufacturing base will continue to suffer. Do you agree that the use and enforcement of our trade remedy laws will create and preserve American jobs? What will you do to ensure that our trade remedy laws are utilized to more effectively create and preserve American jobs?

Answer: This Administration has put an emphasis on enforcing our trade remedy laws to protect U.S. workers and businesses from unfair competition and allow them to compete on a level playing field. For example, the President was the first ever to apply the section 421 safeguard to imports of Chinese products – a surge of tires in 2009. This action preserved or created more than 1200 jobs in a key manufacturing sector. USTR and the Department of Commerce have devoted unprecedented resources into defending U.S. trade remedy actions at the WTO, including successfully defending the tires safeguard against China’s challenge. Likewise, we have not hesitated to challenge China when it has applied trade remedies on various U.S. exports for what appeared to be retaliatory or industrial policy reasons. We have prevailed in two of these proceedings so far (in the specialty steel and poultry sectors, respectively) and are we are presently litigating a third case (in the autos sector) on similar issues.

2.) In spite of the many forms of dialogue and engagement with China on trade and economic policy and that country’s on-again, off-again movements toward market reforms, the United States continues to run an unprecedented, and politically unsustainable, trade imbalance with China. This imbalance hurts New York industries and workers every day.

- Will you explore all available options for addressing Chinese government market interventions, overcapacities in steel and other manufacturing sectors and the unfair trade surges and market disruptions that result?
- Will you conduct a more aggressive multilateral and bilateral trade diplomacy to counter foreign government policies and practices that lead to unfair trade surges in steel and other manufacturing sectors?
- Will you ensure that the U.S.-China Joint Commission on Commerce and Trade (JCCT) focuses on moving China toward real market reforms?

Answer: I can assure you that the Obama Administration is firmly committed to using all available avenues to address policies that distort trade and create excess steelmaking capacity in China and elsewhere. We are actively monitoring new developments in the steel sector for appropriate potential action and enforcing U.S. trade rights on behalf of U.S. industries and workers. The United States has been successful at the WTO in challenging Chinese trade practices that have provided unfair advantages to the Chinese steel industry, including highly trade-distortive export restrictions and prohibited export subsidies. For example, as a result of a successful WTO dispute settlement case brought by the United States, the European Union and Mexico, China recently eliminated its export quotas and export duties on several industrial raw material inputs, including the highly restrictive export quota and 40 percent export duties on metallurgical coke, a key steel input. At the same time, the Administration actively enforces U.S. trade remedy laws. Currently, there are antidumping and/or countervailing duty orders covering U.S. imports of 18 Chinese steel and immediate downstream steel-containing products.

We also are using trade diplomacy to shed light on the detrimental effect of excess capacity on global steel markets and to urge the governments of China and other steel producers to

avoid government-supported capacity expansion. This year alone, U.S. officials have met bilaterally on steel capacity issues with the governments of many steel producer/exporter countries, including Brazil, China, Japan, Korea, Turkey, Ukraine and Vietnam, and this work is ongoing. Steelmaking capacity has long been a central focus of the Organization for Economic Cooperation and Development (OECD) Steel Committee, where the U.S. government, with the participation of U.S. steel stakeholders, has taken a leadership role in working with like-minded countries to address this issue.

Further, through the JCCT dialogue, we are engaged with China on many industrial policy issues, including the role of state-owned enterprises, investment restrictions, and the protection of intellectual property and trade secrets. We are actively raising concerns about Chinese government policies that contribute to excess production capacity in the steel, aluminum and soda ash sectors.

**Representative Ron Kind, WI:
Questions for Ambassador Froman**

- 1.) I know you are well aware of the frustrations that US companies have had with the proliferation of forced localization policies. This has been largely an issue in the technology sector but it is expanding to other sectors and geographically. Can you give the Committee a sense of how USTR plans to address this issue? Can we use the US-EU trade agreement as an opportunity to develop a strong standard in this area?

Answer: We continue to be concerned about the significant increase in number and seriousness of localization barriers around the world. In response, USTR established an interagency task force on localization barriers to trade to develop and execute a more strategic and coordinated approach to stopping these practices and dissuading countries from adopting localization policies.

This approach includes working with stakeholders in the United States and like-minded trading partners to (1) strengthen the analytical case against localization barriers to trade; (2) multilateralize work to address localization barriers to trade; and (3) promote approaches that offer better ways to stimulate job creation and economic growth. We are also developing in the T-TIP negotiations concrete ways that the United States and the European Union can cooperate to address these issues around the world. We intend that the T-TIP results in this area will lay the groundwork for cooperation with other countries on this important issue.

- 2.) One issue that I hope will be addressed as USTR negotiates the US-EU trade agreement is that of levies that are assessed in a number of EU member states on digital products such as smart phones, tablets, personal computers, and other products that store data. So-called “collecting societies” in various EU countries apply these levies, which can be as high as 3.5%. The levy can mean as much as an additional \$25 on the price of a typical PC, and are collected purportedly to compensate content rights holders of copyrighted material that has been subject to private copying. My concern is that these levies are not always transparent, they are not uniformly applied across the EU, and they are sometimes used for purposes other

than to compensate content rights holders. Further, they undermine the very spirit of this trade agreement as well as the WTO Information Technology Agreement because they raise the cost for US technology companies and for consumers that want to buy computers and other digital devices. Several associations addressed this issue in the Administration's recent solicitation of comments. Can you tell us how you plan to handle this issue in the negotiations? Can we get the levies removed, consistent with USTR's objective for the TTIP to "eliminate all tariffs and other duties and charges on trade" as notified to Congress on March 20th?

Answer: Our key objectives in T-TIP include improving market access opportunities for trade in innovative technology products and promoting strong protection and enforcement of intellectual property rights. As you state, private copying levies are assessed in the EU and other markets that permit private copying of copyright-protected content in order to compensate rights holders. Such levies, where set and applied appropriately, serve to help ensure that the economic rights of U.S. creators in their works can be fully realized. However, this purpose can be defeated where levies rates are developed, assessed and distributed without adequate opportunity for stakeholder input. Likewise, ensuring transparency as well as confining allocation to collecting societies and rights holders is critical in preventing the imposition of inappropriate costs on U.S. technology exports under any such levy system. As the T-TIP negotiations proceed, USTR will continue to engage with Members of Congress and interested stakeholders with respect to the EU private copy levy regime in order to advance and defend the interests of all U.S. businesses, creators and workers with a stake in this important issue.

3.) I would like to address the importance of protecting trade secrets in trade agreements, particularly as we look to the EU negotiations. As you know, trade secrets, which generally include any confidential business information such as a manufacturing process, are an extremely valuable asset to American companies. Often companies invest substantial sums of money into developing trade secrets. The entire economic value of a trade secret stems from the competitive advantage conferred by the secret nature of the information. Once disclosed, trade secrets lose their competitive value and cannot be recovered because, unlike patents, trade secrets do not give their owner an exclusive right to use the information. Unfortunately theft of trade secrets, especially by or for foreign entities, has dramatically increased due to greater global competitiveness and increased access to information through the digital infrastructure that drives the information economy. Under current US law, the Economic Espionage Act, a lawsuit cannot be brought against a foreign entity that steals a US corporation's trade secrets, regardless of the extent of the damage done in the US. Can we use trade agreements to set a higher standard and close this loophole, perhaps starting with the US-EU agreement?

Answer: Protecting trade secrets is a critical priority of the Administration. Innovation and creativity are among America's many competitive advantages, essential not only to our economy, but the social welfare of all Americans. However, economic espionage and trade secret theft, including through cyber intrusion is on the rise. As the 2013 Administration Strategy on Mitigating the Theft of U.S. Trade Secrets makes clear, such theft "threatens American businesses, undermines national security, and places the security of the U.S.

economy in jeopardy. These acts also diminish U.S. export prospects around the globe and put American jobs at risk.”

The Administration is committed to using trade policy tools to increase international enforcement against trade secret theft to minimize unfair competition against U.S. companies. Specifically, USTR initiatives will include cooperating with trading partners to curb trade in goods and services contained stolen trade secrets, enhancing the use of the Special 301 Report to identify concerns with respect to trade secret protection in foreign markets, and promoting trade secret protection in all appropriate bilateral, regional and multilateral trade discussions, including the WTO and APEC. Critically, USTR is using trade negotiations such as the Transpacific Partnership and the Transatlantic Trade and Investment Partnership to advance trade secret protection

- 4.) Last year, the GAO released a study which found that procedures for monitoring drug quality in supply chains used by global health programs vary based on the nature of the program and capacity of implementing partners. Has USTR considered the option of including trade enforcement provisions for regulatory and health and safety standards to address substandard medicines in trade agreements with developing country partners such as China, Russia, Brazil, India and other key markets in Latin America, Asia, and Africa? [report attached-please refer to the GAO summary within the report]

Answer: Through the WTO, APEC, the OECD, TPP and other venues, USTR strongly advocates policies that promote efficient and effective regulation through the implementation of the WTO Agreement on Technical Barriers to Trade and the adoption of international body of work known as good regulatory practices. These good regulatory practices include procedures that ensure regulations are developed in a transparent manner with stakeholder engagement, are based on the best available scientific and technical information, and are implemented through appropriate conformity assessment systems that give regulators adequate confidence that health and safety standards are met.

In TPP for example, the U.S. proposed pharmaceutical annex to the chapter on Technical Barriers to Trade promotes greater alignment of regulations and regulatory activities. The U.S. proposal would achieve this by requiring countries to look to internationally-agreed best practices and to consider scientific and technical guidance documents developed through international collaborative efforts when developing or implementing marketing approval systems. The U.S. proposal would also require TPP countries to administer these systems in a timely, reasonable, objective, transparent, and impartial manner. These provisions will help countries regulate pharmaceutical products more effectively and efficiently, and contribute to improved public health outcomes such as those related to preventing substandard medicines.

- 5.) Last year, the Institute of Medicine of the National Academy of Sciences issued a report with recommendations regarding the global public health implications of substandard, falsified and counterfeit medical products. One of the recommendations encouraged governments to establish or strengthen systems to detect substandard, falsified, and unregistered medicines. Further, they indicated that this surveillance should be integrated with established

public health surveillance systems. As you know, our trade agreements play a role in this overall surveillance system in that many IP standards could be used to identify weak regulatory systems. How could trade agreements be modernized to incorporate surveillance for substandard medicines in the way they are used to root out dangerous (took out counterfeit as not the only problem) medicines? [report attached refer to pages 18-26]

Answer: USTR is committed to trade policies that advance public health goals, including to promote access to medicines, and to protect consumers from substandard, falsified and counterfeit medical products. Our FTAs can significantly support public health objectives, e.g., by reducing tariffs on pharmaceutical inputs, pharmaceuticals, and medical devices, which have been used by trading partners as industrial policy measures to protect local manufacturers, while raising costs to patients.

Among other mechanisms to support pharmaceutical and medical device innovation and access, USTR has sought to reduce market access barriers that U.S. pharmaceutical and medical device companies face in many countries, and to facilitate both affordable health care today and the innovation that assures improved health care tomorrow.

U.S. FTAs also provide for strong intellectual property rights (IPR) protection and enforcement, including with respect to trademark protection. Through our FTAs, we seek to make customs and criminal enforcement measures available to prevent medicines bearing counterfeit trademarks from entering foreign markets, and thus support efforts of other countries to address the serious risks to patients posed by such counterfeits.

USTR continues to explore ways to respond effectively to these evolving challenges and reflect those in our FTAs. One possible enhancement, for example, could be to use FTAs to encourage the availability of increased penalties when counterfeiting offenses threaten health and safety.

I look forward to working with you on the critical issue of combating the production and trade of dangerous medicines.

6.) Along with many of my colleagues on this Committee and throughout the House, I have called on USTR and the White House to seek strong IP protections that are truly representative of a 21st century agreement for all US industries. Given the breadth of this agreement, we cannot afford to get the substance of this agreement wrong, especially as we're dealing with countries that often have a poor IP environment, including some of our important allies. USTR should be pushing for IP provisions that build off the KORUS agreement and reflect US law for biologics. How do you intend to accomplish this?

Answer: U.S. FTAs contain strong provisions on the protection and enforcement of intellectual property rights (IPR), reflecting the commitment to American creators and innovators as well as farmers, ranchers, businesses, workers and consumers who benefit from such creativity and innovation. Of course, we couple our current negotiations of high-standard 21st century agreements like the TPP and the T-TIP with vigorous monitoring and enforcement of the IPR commitments in our existing FTAs, such as

KORUS and many others, to ensure that Americans realize the gains of the protections these FTAs contain.

In TPP, for example, one of our key priorities is to build a modern legal infrastructure to protect IPR in the region, and to ensure effective enforcement of IPR to maintain markets for the full range of job-supporting exports of products and services embodying American creativity and innovation. Our goal in the TPP negotiations, therefore, is to achieve high standards of IP protection and enforcement in the Asia-Pacific region that will stand alongside previous U.S. FTAs in the region, such as the KORUS. Biologic drugs are a vital area of pharmaceutical innovation, now and in the future. With regard to data protection for biologics, the United States has explained our system, including the 12 years of protection related to biologics and we are in the process of a thorough discussion with our trading partners on that issue. I will ensure that my staff stays in close touch with you and other Members of Congress as the negotiations continue on this important issue.

Regarding T-TIP, IPR will continue to be a matter for robust engagement with the EU. The T-TIP provides a significant opportunity to advance the interests of U.S. innovators and creators. In the negotiations with the EU, we will seek to obtain, consistent with U.S. priorities and objectives, appropriate commitments that reflect the shared U.S.-EU objective of high-level IPR protection and enforcement, and to sustain and enhance joint leadership on IPR issues. We will also pursue new opportunities to advance and defend the interests of U.S. creators, innovators, businesses, farmers, and workers with respect to strong protection and effective enforcement IPR, including their ability to compete in foreign markets.

**Representative Lynn Jenkins, KY:
Questions for Ambassador Froman**

- 1.) **With the resumption of talks with Taiwan under the bilateral Trade and Investment Framework Agreement (TIFA), it is encouraging that we are seeing progress in expanding markets for our nation's products. Unfortunately, I am greatly concerned with Taiwan's restrictions on U.S. pork, which lack a sound scientific basis, and encourage you in the strongest terms to ensure that they are repealed. To that point, how would you assess the conclusions of the March TIFA meetings and what steps are necessary to move forward? What do you foresee as the agenda for next year's TIFA talks here in Washington? Finally, what are the ultimate goals USTR envisions in the U.S.-Taiwan trade relationship as a result of these bilateral TIFA meetings?"**

Answer: The TIFA is an important mechanism for resolving trade and investment issues facing U.S. companies in Taiwan. The resumption of the TIFA Council meetings in March allowed us to engage at a deeper level on issues across the board, so we focused on opening up foreign trade and investment, harmonizing domestic measures with international standards, and consistently adhering to trade commitments.

Taiwan's import restrictions on U.S. pork featured as one of our key concerns at the meetings. USTR is committed to working with all of our trading partners to achieve

market access for U.S. agricultural products consistent with their SPS commitments and fair treatment to all U.S. exports. USTR and our interagency team – including the Department of Agriculture, the Food and Drug Administration, the Department of State, the Department of Commerce, as well as the American Institute in Taiwan – continue to work with Taiwan to encourage the adoption of science-based standards for ractopamine in pork. Our goal is to ensure that, following other key trading partners in the region, Taiwan takes appropriate action to ensure consumers in Taiwan have full access to high-quality U.S. pork products.

We expect that future TIFA meetings will continue to allow us to address a broad range of important elements of our trade and investment relationship.

- 2.) Do you believe that the USDA catfish inspection program, if implemented, could negatively affect our trade relationships with Vietnam and Indonesia, and, if so, how? How do you propose to address this issue, given that USTR has stated that the people of Vietnam continue to have a “huge demand for U.S. goods and services”?

Answer: USTR understands that USDA is still working to finalize its catfish inspection program. USTR will continue to work with USDA to ensure that its measures are consistent with our international obligations and therefore they should not negatively affect our trade relationships with Vietnam and Indonesia.

**Representative Joe Crowley, NY:
Questions for Ambassador Froman**

- 1.) One major problem for service exporters like those from New York is having to compete with state-owned industries in other countries. What are USTR’s views on state-owned enterprises, and how do you see these issues coming into play in the deals that are being negotiated right now.

Answer: Ensuring that there is a level playing field for our companies and workers is one of the fundamental principles of this Administration's trade policy. And one of our key priorities in the TPP negotiations is the establishment of new rules designed to ensure that commercial SOEs do not receive unfair advantages from their governments that undermine the benefits of our trade agreements and put U.S. companies and workers at a competitive disadvantage. This is one of the areas in which we are breaking new ground in the TPP and as we move forward with other important initiatives, we will of course be considering all possibilities for appropriately addressing this important issue.

- 2.) Trade Enforcement has been a major priority of this Administration, and that is something that has been welcomed by many on this committee. What more can be done to ensure that other countries are playing by the rules? Does USTR have the resources it needs to effectively fight back against unfair and in many cases illegal trade barriers (such as by filing WTO cases)?

Answer: This Administration has prioritized active enforcement of our WTO rights. Since

2009, the United States has filed 14 complaints at the WTO (including compliance actions) against nine countries. USTR monitors and enforces U.S. trade rights to enhance economic growth and job creation, with the goal of strengthening the middle class. Where we identify a market access barrier or failure of our trading partners to abide by WTO rules, we seek to redress these concerns through negotiation where possible and litigation when necessary.

As mentioned in my testimony, achieving these goals depends on USTR having adequate resources to pursue its mission. Monitoring our trading partners' actions, seeking to negotiate removal of harmful measures, and litigating disputes is resource-intensive.

Sequestration and other budget cuts are compromising USTR's ability to initiate new enforcement actions. The opportunities missed have real effects on whether or not the American people will get the full benefits of the jobs and growth promised by the agreements we have negotiated.

3.) Can you explain where you see things going in the U.S.-India relationship?

Answer: This is a rapidly growing, multifaceted trade and investment relationship that has provided significant benefits to both countries' populations. Given the strong fundamentals of our economies, and the dynamism of our private sectors, we have only begun to approach our true potential. I see this relationship expanding significantly in the coming years, provided that we continue to take steps that promote rather than hinder bilateral trade and investment, and we continue to recognize the growing areas of convergence in our economic interests. These areas of convergence can open up new opportunities for collaboration that will strengthen both economies, and can help ensure that we work through areas of disagreement in a constructive manner that advances the broader relationship. Taking decisive steps to increase cooperation and resolve differences will promote the closer integration of our two economies, committed to market-led economic growth and advancing sound economic policies globally, all in the mutual interest of both countries.

4.) I was interested to see that the Transatlantic Trade and Investment Partnership (T-TIP) negotiations launched last week. The relationship of the EU and the US offers some opportunities to deepen cooperation between our advanced intellectual property practices and enforcement systems. At the same time, there are ongoing issues in the European Union, such as those regarding clinical trial data on biopharmaceuticals. The current and proposed policies of the EMA could be different than the EU's international agreements and obligations. It may even hurt regulatory integrity, privacy and R&D research. What are your thoughts on talking to the EU through the trade talks and elsewhere to resolve this issue?

Answer: In our negotiations on T-TIP, the issue of intellectual property rights (IPR) will continue to be a matter for robust engagement with the EU, particularly on key issues where we can significantly advance the protection and enforcement of IPRs. The United States is committed to promoting IPR protection and enforcement. The EU shares that strong commitment. I agree that the T-TIP offers a significant opportunity to deepen

cooperation with the EU and to advance the interests of US innovators and creators. In the negotiations with the EU, we will seek to obtain, consistent with U.S. priorities and objectives, appropriate commitments that reflect the shared U.S.-EU objective of high-level IPR protection and enforcement, and to sustain and enhance joint leadership on IPR issues. We will also pursue new opportunities to advance and defend the interests of U.S. creators, innovators, businesses, farmers, and workers with respect to strong protection and effective enforcement of intellectual property rights, including their ability to compete in foreign markets.

With respect to the European Medicines Agency and its role in evaluating and protecting clinical trial data on biopharmaceuticals, the Administration continues to pursue an interagency-coordinated outreach with the EU on any trade-related aspects of this issue. As you indicate, this issue is multi-faceted and requires a coordinated U.S. government approach. T-TIP offers one of many possible venues for discussion of the protection of such trial data.

**Congressman John Larson, CT:
Questions for Ambassador Froman**

- 1.) As a co-chair of the House Shellfish Caucus, I frequently interact with shellfish growers. When speaking with them, the issue that I hear about time and time again is market access for U.S. shellfish in the European Union. As you know, for more than 3 years, the European Union has prevented the importation of U.S. shellfish (oysters, clams, and mussels).

The American shellfish industry has an exemplary food safety record and the Food and Drug Administration (FDA) has demonstrated the ability to work with countries outside the EU to negotiate equivalency agreements for their sanitation programs. In short, there is no reason that European Union should continue its ban on American shellfish.

I understand that this is an issue your office has been diligently working on for some time and that it is something that will require cooperation from your EU counterparts. With that being said, what is the present status of negotiations to resolve the impasse preventing the United States from exporting shellfish to EU markets? What steps are you taking to resolve this critical issue?

As the United States and the European Union begin negotiations on the Transatlantic Trade and Investment Partnership (TTIP), it is of high importance that we resolve issues such as this in order to ensure the success of the agreement. This issue is a top priority for shellfish growers across the country and I would strongly encourage you to continue to work to find a resolution as soon as possible.

Answer: The United States has identified the removal of the EU's ban on U.S. shellfish exports as a priority bilateral trade issue in the T-TIP negotiations. USTR will continue to work closely with the Food and Drug Administration to resolve this important issue with the European Union to allow exports of U.S. oysters, clams and mussels to resume.