

Highlights of [GAO-04-233](#), a report to congressional requesters

INTERNATIONAL TRADE

Intensifying Free Trade Negotiating Agenda Calls for Better Allocation of Staff and Resources

Why GAO Did This Study

Free trade agreements (FTA) involve trade liberalization between the United States and selected countries or regions and are also expected to provide economic and other benefits. GAO was asked to review how potential FTA partners are selected, in view of the increased number of FTAs and their growing importance to U.S. policy. Specifically, GAO (1) provided information about the factors influencing the selection of FTA partners, (2) analyzed the interagency process for selecting FTA partners, and (3) assessed how the executive branch makes decisions about the availability and allocation of resources to FTAs.

What GAO Recommends

GAO recommends that USTR work with other key trade agencies to develop more systematic data and plans for allocating staff and resources across the full U.S. trade agenda, including FTAs and other negotiating priorities.

The Trade Representative agreed that the intensifying trade negotiation agenda requires management improvements, but he disagreed with our specific recommendation. He attributes the main cause of strain at USTR to the amount of resources. We believe that better data and plans will promote the flexibility needed to respond to USTR's demanding multilateral, hemispheric, and bilateral FTA negotiations.

www.gao.gov/cgi-bin/getrpt?GAO-04-233.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

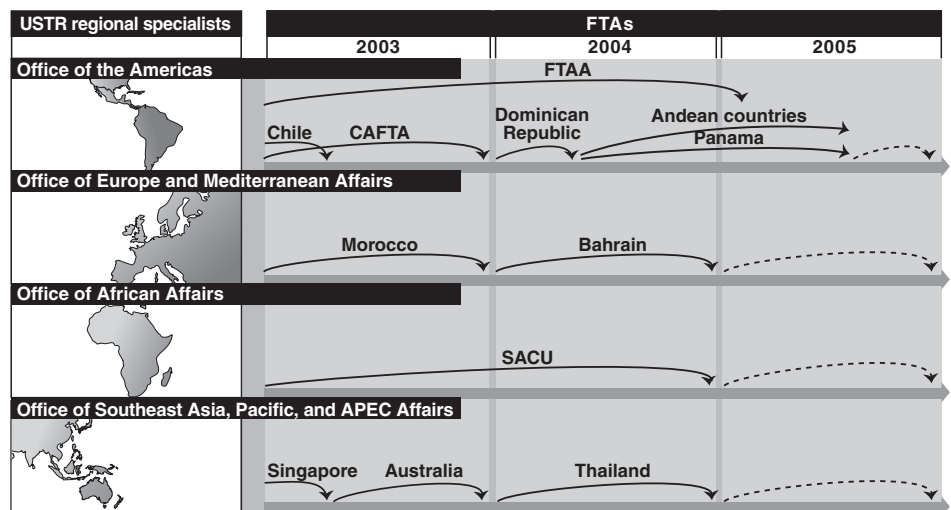
What GAO Found

The Trade Representative used 13 factors in selecting four potential FTA partners in 2002 (Australia; the Central American Free Trade Area, a subregional group of five Central American countries; the Southern Africa Customs Union of five countries; and Morocco). Subsequently, selected executive branch agencies decided to use six broad factors—country readiness, economic/commercial benefit, benefits to the broader trade liberalization strategy, compatibility with U.S. interests, congressional/private-sector support, and U.S. government resource constraints. These decisions are not mechanical, and the factors cited most often regarding the selected FTA partners primarily reflect U.S. trade strategy, foreign policy, and foreign economic development goals.

The interagency process for selecting FTA partners now involves four interagency groups that use decision papers to assess potential FTA partners and make recommendations that eventually go to the president. This new process is more systematic and inclusive than the process previously used. The Office of the U.S. Trade Representative (USTR) reports that it routinely considers the Congress's views in making selections.

Decisions about FTA partners are made with little systematic data or planning regarding trade-offs with other trade priorities, even though FTAs are resource intensive. USTR staff and travel funds are heavily committed to FTAs, and USTR relies on specialists at other agencies as well. As more FTAs are contemplated, existing mechanisms may prove inadequate to the task of aggressively pursuing a bilateral FTA agenda while remaining engaged in regional and multilateral forums.

USTR Sequences FTAs in Four Regions to Negotiate Ambitious FTA Agenda



Note: Actual ending dates may differ from those shown in the figure.