



Highlights of [GAO-09-439](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

Since 2001, Congress has approved free trade agreements (FTA) with 14 countries. Most were negotiated under Trade Promotion Authority (TPA), which aims to lower trade barriers while strengthening the capacity of trading partners to promote respect for workers' rights and to protect the environment. The Office of the United States Trade Representative (USTR) is responsible for overseeing implementation of the FTAs, and the Departments of Labor (Labor) and State (State) have responsibilities for implementing and managing FTA cooperation projects. GAO was asked to assess progress through FTAs in (1) advancing U.S. economic and commercial interests, (2) strengthening labor laws and enforcement in partner nations, and (3) strengthening partners' capacity to improve and enforce their environmental laws. GAO focused on Jordan, Chile, Singapore, and Morocco, chosen because of their economic, social, and geographic diversity and relatively older FTAs. GAO analyzed relevant trade laws and trends, met with U.S. agencies and foreign government officials, conducted fieldwork in the four countries, and solicited input from the private sector.

What GAO Recommends

GAO recommends that agencies update plans for implementing and overseeing FTAs to make the FTAs more effective in producing results. Agencies intend to do so but saw important progress.

View [GAO-09-439](#) or [key components](#). For more information, contact Loren Yager at (202) 512-4347 or yagerl@gao.gov.

INTERNATIONAL TRADE

Four Free Trade Agreements GAO Reviewed Have Resulted in Commercial Benefits, but Challenges on Labor and Environment Remain

What GAO Found

The four selected FTAs have largely accomplished the U.S. objectives of achieving better access to markets and strengthening trade rules, and have resulted in increased trade, as summarized in the table. While varying in details, the FTAs have all eliminated import taxes, lowered obstacles to U.S. services such as banking, increased protection of U.S. intellectual property rights abroad, and strengthened rules to ensure government fairness and transparency. Overall merchandise trade between the United States and partner countries has substantially grown, with increases ranging from 42 percent to 259 percent. Services trade, foreign direct investment, and U.S. affiliate sales in the largest partners also rose.

FTA negotiations spurred some labor reforms in each of the selected partners, according to U.S. and partner officials, but progress has been uneven and U.S. engagement minimal. An example cited was Morocco's enactment of a long-stalled overhaul of its labor code. However, partners reported that enforcement of labor laws continues to be a challenge, and some significant labor abuses have emerged. In the FTAs we examined, Labor provided minimal oversight and did not use information it had on partner weaknesses to establish remedial plans or work with partners on improvement.

The selected partners have improved their environmental laws and made other progress, such as establishment of an environmental ministry and a 400-strong environmental law enforcement force in Jordan, according to U.S. and foreign officials. However, partner officials report that enforcement remains a challenge, and U.S. assistance has been limited. Elements needed for assuring partner progress remain absent. Notably, USTR's lack of compliance plans and sporadic monitoring, State's lax management of environmental projects, and U.S. agencies' inaction to translate environmental commitments into reliable funding all limited efforts to promote progress.

FTA Commercial, Labor, and Environment Results, and U.S. Agencies' Oversight

	Commercial	Labor	Environment
Partner country results as reported to GAO			
Jordan	U.S. and partner gains evident	Some progress after serious problems	Considerable progress
Singapore	U.S. and partner gains evident	Progress	Progress
Chile	U.S. and partner gains evident	Some problems persist despite progress	Problems persist despite progress
Morocco	U.S. and some partner gains evident	Problems persist despite progress	Problems persist despite progress
Oversight status			
U.S. agencies' oversight	Generally adequate	Lack cooperation plans, sufficient funding, oversight	Lack monitoring plans, sufficient funding

Source: GAO.