Introduction to the U.S. Trade Policy Process

The U.S. government formulates and administers trade policy through a complex network of agencies and organizations, engagement with the private sector, and close observation of today’s critical trade issues. Ultimately, U.S. trade policy is developed and administered through three types of institutions: the U.S. Congress; the President and the Executive Branch; and independent agencies.

The U.S. Congress has the primary responsibility for regulating trade under the Constitution. All trade agreements and commitments must be passed into law; these agreements are not treated as treaties in the U.S. system. Traditionally, the House of Representatives and Senate played the lead role in the details of U.S. trade policy by setting individual products’ tariffs.

Since 1935, the Congress has delegated increasing responsibility to negotiate trade agreements with other countries to the President. Congress also has committed itself periodically to vote on presidentially negotiated trade agreements without chance of amendment (“Trade Promotion Authority”). Presidential authority to negotiate trade deals is however is necessarily limited because of the Constitutional prerogatives of Congress to regulate foreign commerce.

The President and the Executive Branch administers trade law as passed by Congress. Executive Branch agencies are led by political appointees nominated by the President and approved by Congress. Among the most important of these executive agencies for trade policy: Department of Commerce; Department of Agriculture, and Customs and Border Control. Other agencies play critical roles as well (e.g. the Department of the State, the Department of Labor, and the Food and Drug Administration).

“Independent” agencies also play a central role in certain aspects of trade policy administration. These exist outside of the Executive Branch and typically have specialized tasks. The U.S. International Trade Commission conducts various types of investigations and produces reports on trade policy. Agencies such as the Food and Drug Administration and the Animal and Plant Health Inspection Service develop food and medical safety standards. Other agencies help increase U.S. exports (e.g. Export-Import Bank and the U.S. Trade and Development Agency) and encourage U.S. foreign direct investment (e.g. Overseas Private Investment Corporation).

The following chart illustrates the relationships among these different agencies: