

Trade Capacity Building Fast Facts 2021

Trade capacity building (TCB) plays a critical part in the United States' strategy to enable developing countries to implement the market-opening reforms necessary for trade agreement compliance and foster economic growth from increased trade and investment. The United States is the largest single-country provider of trade-related assistance (also called TCB).

Fiscal Year 2021 Overview



The U.S. government's trade capacity building (TCB) obligations totaled **\$851m** in FY2021,



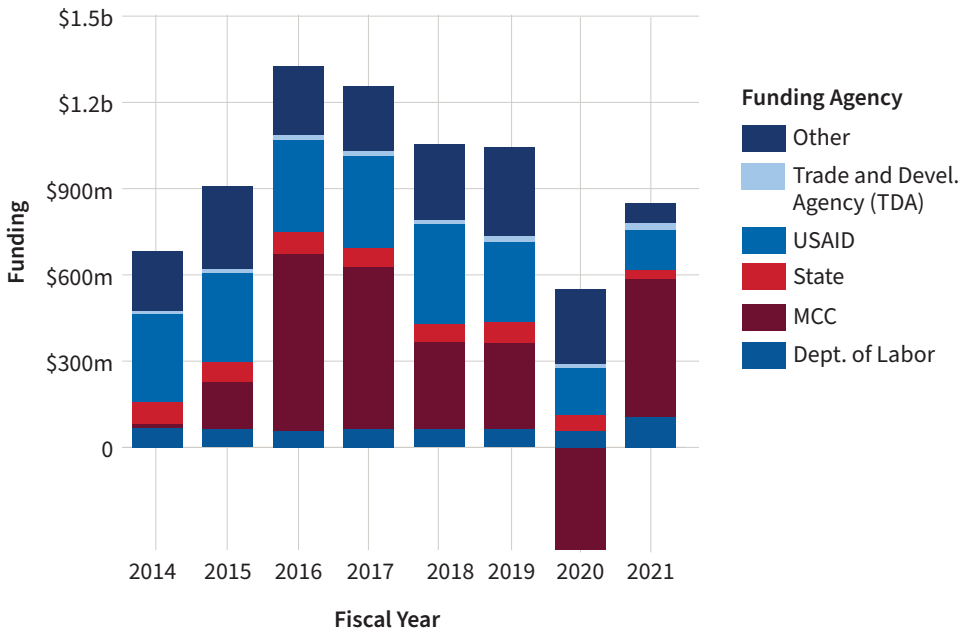
with investments in **511 activities**



across **96 countries, geographic regions, or trade groups.**

U.S. Government TCB Funding, FY2014-FY2021

Obligations by Funding, \$US



Top Three Largest Funders of TCB-Related Activities

- \$479m** Millennium Challenge Corporation (MCC)
- \$139m** U.S. Agency for International Development (USAID)
- \$105m** Department of Labor (DOL)

Largest Areas of TCB Investment

- \$500m** Trade-related Infrastructure
- \$120m** Trade-related Labor

Source: USAID, TCB Data Base

Note: (1) Millennium Challenge Corporation (MCC) reports five year compacts in the year in which the compact enters force. (2) 'Other' includes DOI, OPIG, Peace Corps, Inter-American Foundation, African Development Foundation, DHS, Commerce, DOD, FTC, DOJ, USDA, and EX-IM.

Increases in Funding by Agency

FY2020-FY2021

- ↑ 354%**
MCC +\$668m
- ↑ 95%**
Trade and Development Agency +\$13m
- ↑ 86%**
DOL +\$48m

Decreases in Funding by Agency

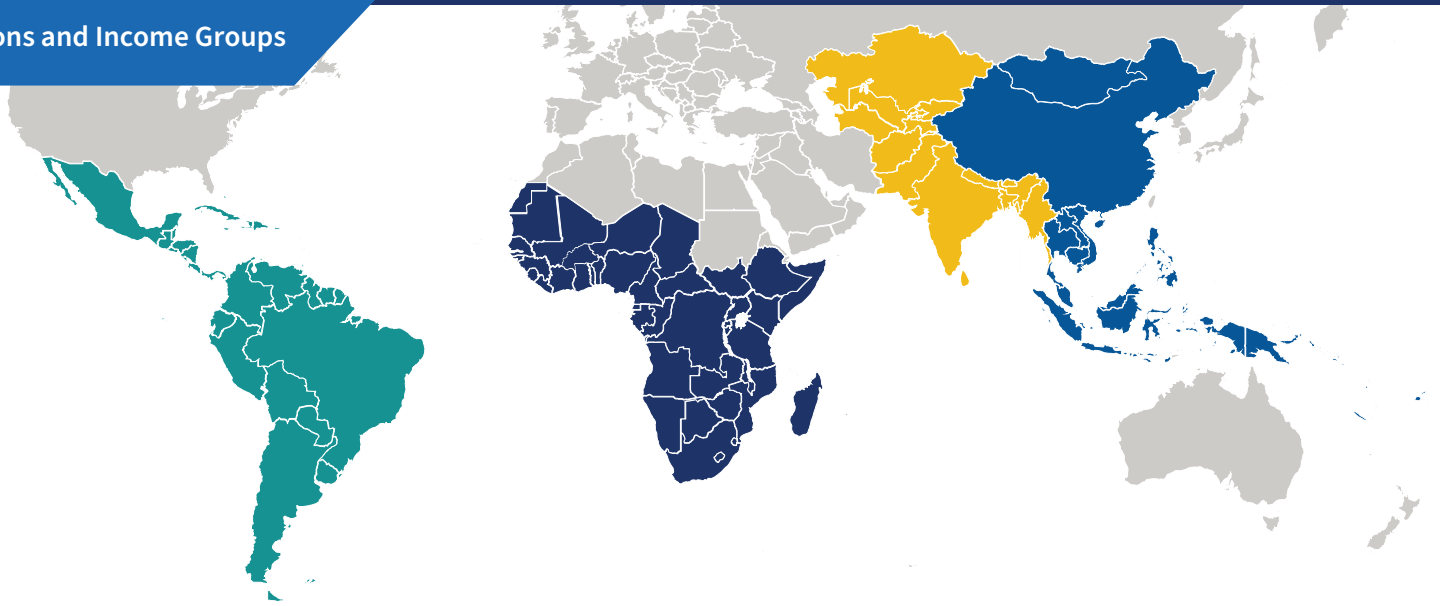
FY2020-FY2021

- ↓ 92%**
Department of Agriculture (USDA)
- ↓ 68%**
Department of Commerce (DOC)
- ↓ 48%**
Department of State (DOS)

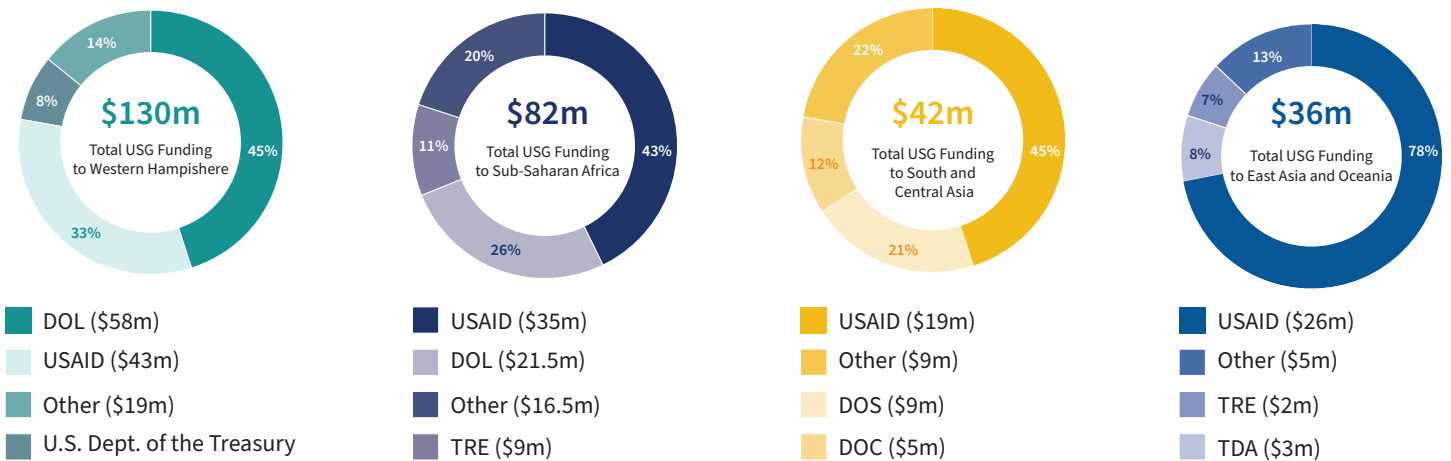
Total USG Obligations Increase

FY2020-FY2021

- ↑ 137%**
- The increase in total USG obligations can be primarily attributed to the obligations made under MCC's Senegal Compact.



Regional Investment by Agency



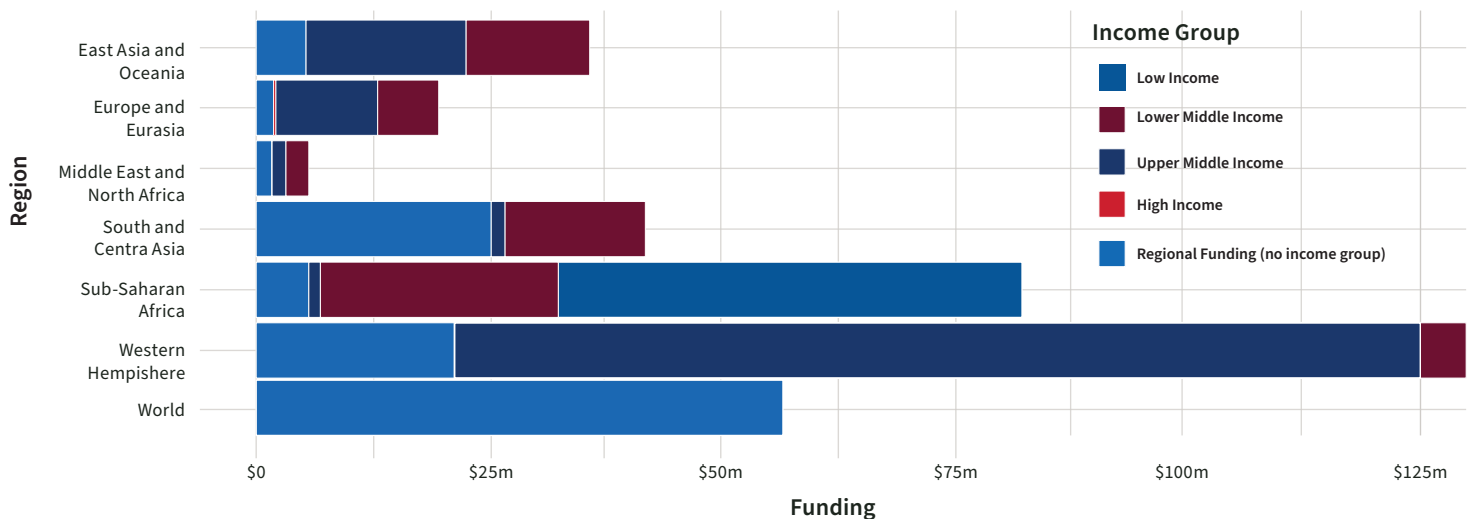
Bilateral and Multilateral Assistance

Bilateral TCB assistance (\$315m) between the United States and recipient states accounted for **84% of all TCB assistance**, while 16% of TCB funding (\$57m) was allocated to global, region, and sub-regional programs.

FY 2021 TCB Funding by Region and Income Group

Obligations, \$US

Source: USAID, TCB Data Base
Note: does not include MCC Data

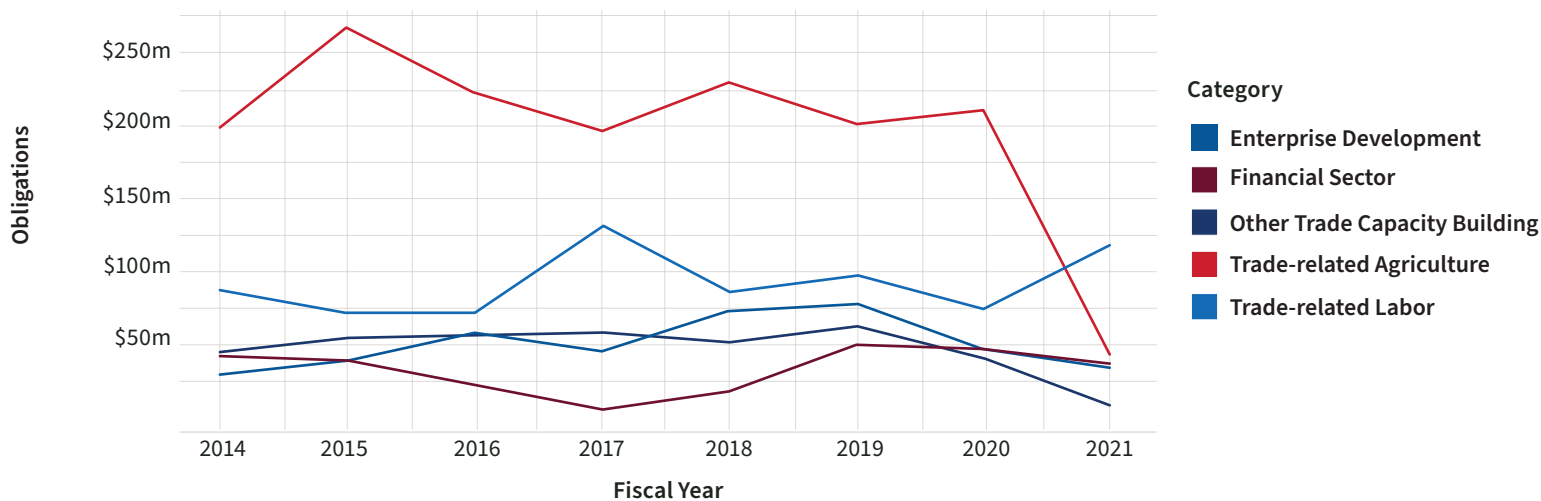


With the exception of Trade-related Labor, funding in all TCB funding categories declined for FY2021, possibly as a result of disruptions in programming arising from the COVID-19 pandemic. Note that the trends in U.S. Trade Capacity Building by Category do not include MCC obligations given that MCC reports all obligations under a single compact during the compact's first year, thus skewing category trends. While agriculture has historically been the TCB category with the highest funding, Trade-related Labor surpassed Agriculture as the largest category of TCB activities. The precipitous drop in TCB funding to Agriculture is due to decreased activities under the Department of Agriculture's Foreign Agricultural Services in FY 2021.

Trends in U.S. TCB Funding, by Category

Obligations, \$US (Excluding Millenium Challenge Corporation)

Source: USAID, TCB Database
Note: Chart includes only the five categories receiving the most funding in FY2021

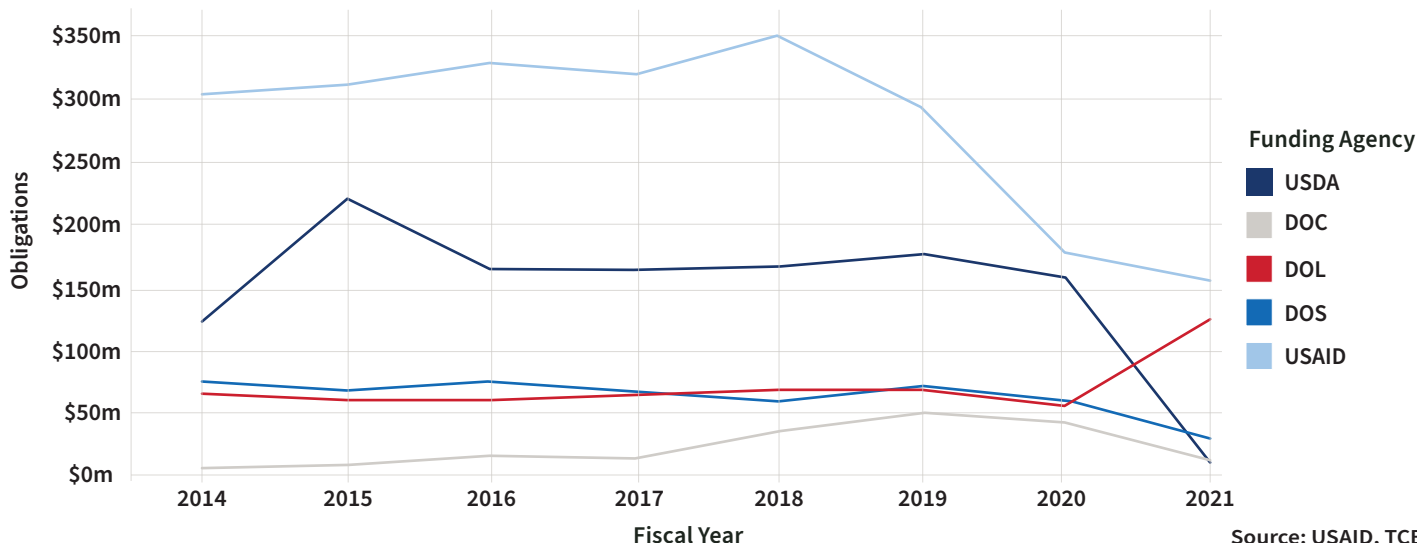


Trade Capacity Building Focus: Trade-related Labor

Excluding MCC¹, Trade-Related Labor accounted for most TCB obligations of any category in Fiscal Year 2021. This increase in funding is due in part to the influx of funding of technical assistance from the Department of Labor (DOL) for the US-Mexico-Canada Agreement. Notably, FY2021 is the first year when Trade-related Labor has surpassed trade-related agriculture for TCB obligations. ²Trade-related Labor has been the second-most funded TCB until FY2021, when it surpassed Trade-related Agriculture as the highest funded category. The U.S. Agency for International Development (USAID) continues to be the largest contributor to total TCB obligations in Trade-related Labor each year. While other agencies' Trade-related Labor obligations dropped in FY2021, DOL obligations increased significantly in this category.

2014-2021 Obligation Trade-Related Labor (Million USD): Five Highest Obligating Agencies

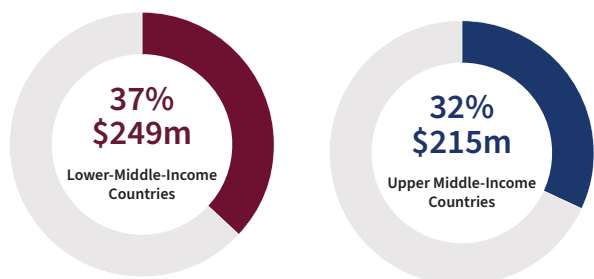
Obligations, \$US



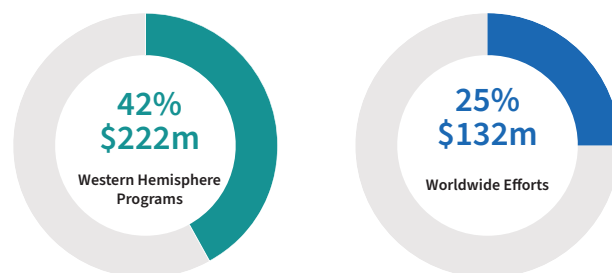
Source: USAID, TCB Database

Trade-Related Labor TCB Obligation Recipients in FY 2021

Top Two Income Groups in FY2021



Global Efforts FY2016-FY2021



Mexico

\$48m

Trade-related Labor Funding

Upper Middle-Income

Income group

Colombia

\$5.3m

Trade-related Labor Funding

Upper Middle-Income

Income Group

Ethiopia

\$5m

Trade-related Labor Funding

Lower Middle-Income

Income Group

Focus of Trade-related Labor Efforts

Both Mexico and Colombia are upper middle-income countries, where Trade-related Labor TCB efforts focused on promoting labor law compliance and governance, support of labor standards, trade unions, workforce development, business education, and the social aspects of liberalization. In Ethiopia and other lower-middle-income countries, Trade-related Labor projects more commonly emphasize worker rights and reducing child and forced labor.



Country Context: Mexico

The country receiving the largest amount of TCB obligations, Mexico, also saw a large increase in Trade-related Labor funding, coinciding with the U.S. Mexico Canada Agreement (USMCA)'s new core chapter focusing specifically on labor. Additionally, the USMCA implementing legislation included \$210 million to the U.S. Department of Labor's International Labor Affairs Bureau (ILAB) for USMCA-implementation activities, which includes funding for trade capacity building.³

ILAB obligated \$180m in technical assistance for Trade-related Labor activities to help Mexico implement these provisions.⁴ These include TCB programs targeting gender equity, labor rights, labor law enforcement, and occupational safety and health conditions.⁵ Obligations to Trade-related Labor trade capacity building efforts have often focused on specific sectors most relevant to laborers in a country. For example, DOL's project Improving Working Conditions in the Mexican Automotive Supply Chain (CALLE) focuses on labor enforcement in the automobile sector,⁶ while another, Fields of Hope, has focused on coffee and sugarcane producers.⁷



¹Due to the large size of the compacts it funds and the relevance of the compacts to trade capacity, the Millennium Challenge Corporation (MCC) TCB-related activities have been excluded to avoid significant swings due to MCC's unique five year compact structure, where all TCB obligations are recorded in the compact's first year.

²It is worth noting that funding for trade-related labor comprised a significant portion of the FY2017 MCC compact in Morocco. Were that funding included, trade-related labor would have also surpassed trade-related agriculture in FY2017.

³ <https://www.dol.gov/agencies/ilab/our-work/trade/labor-rights-usmca>

⁴ <https://crsreports.congress.gov/product/pdf/IF/IF11308>

⁵ <https://www.dol.gov/agencies/ilab/project/keyword/USMCA%20Technical%20Assistance>

⁶ <https://www.dol.gov/agencies/ilab/strengthening-labor-law-enforcement>

⁷ <https://www.dol.gov/agencies/ilab/campos-de-esperanza-fields-hope>