

United States International Trade Commission

THE YEAR IN TRADE 2003

Operation of the Trade
Agreements Program

55TH REPORT

USITC Publication 3700
July 2004



U.S. International Trade Commission

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The Year in Trade 2003 **Operation of the Trade Agreements Program** **55th Report**



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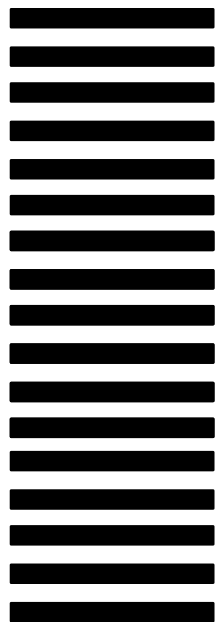
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List of Frequently Used Abbreviations and Acronyms

AD	Antidumping
AGOA	African Growth and Opportunity Act
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
CBERA	Caribbean Basin Economic Recovery Act
CBTPA	Caribbean Basin Trade Partnership Act
CTS	Council for Trade in Services
CVD	Countervailing Duty
DDA	Doha Development Agenda
DSB	Dispute Settlement Body
EU	European Union
FSC	Foreign Sales Corporation
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
HFCS	High Fructose Corn Syrup
HTS	Harmonized Tariff Schedule of the United States
IMF	International Monetary Fund
IPR	Intellectual Property Rights
LTFV	Less Than Fair Value
NAFTA	North American Free Trade Agreement
NTR	Normal Trade Relations
PNTR	Permanent Normal Trade Relations
OECD	Organization for Economic Cooperation and Development
SITC	Standard Industrial Trade Classification
SLA	Softwood Lumber Agreement
SSA	Sub-Saharan Africa
TAA	Trade Adjustment Assistance
TRIMs	Trade-Related Investment Measures
TRIPs	Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff Rate Quota
URAA	Uruguay Round Agreements Act
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

CHAPTER 1

Introduction

Purpose and Organization of the Report

This report is the 55th in a series of reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 and its predecessor legislation.¹ The report is one of the principal means by which the U.S. International Trade Commission (USITC or the Commission) provides Congress with factual information on trade policy and its administration in calendar year 2003. The report also serves as a historical record of the major trade-related activities of the United States to be used as a general reference by government officials and others with an interest in U.S. trade relations. The trade agreements program includes “all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution” and congressional legislation.²

Chapter 1 summarizes selected trade events and trade agreements activities during the year as discussed in more detail elsewhere in the report, and provides an overview of the international economic environment in 2003. Chapter 2 discusses the administration of U.S. trade laws and regulations. Chapter 3 focuses on the activities of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia Pacific Economic Cooperation (APEC) forum. Chapter 4 discusses free trade agreements (FTAs) in which the United States negotiated or was negotiating during 2003. This chapter provides a summary table of U.S. FTAs as of December 31, 2003 and provides information on selected 2003 FTA agreements and negotiations including North American Free Trade Agreement (NAFTA), the U.S.-Morocco FTA, Free Trade Area of the America FTAA, and the U.S.-Australia FTA. Chapter 5 focuses on selected trade-related activities between the United States and its major trading partners—the European Union (EU), Canada, Mexico, Japan, China, Taiwan, Korea, and Brazil. The final section of the report contains a statistical appendix.

¹ Section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c)) states that “the International Trade Commission shall submit to the Congress at least once a year, a factual report on the operation of the trade agreements program.”

² The White House, Executive Order No. 11846, Mar. 25, 1975.

Summary of Trade Agreements Activities in 2003

In 2003, U.S. trade agreements activities included the administration of U.S. laws and regulations; U.S. participation in the WTO, the OECD and APEC; U.S. negotiation of and participation in FTAs, including the NAFTA; and bilateral developments with major trading partners. Highlights of key trade agreements activities, including some which are discussed in more detail in this report, are presented in table 1-1. A summary of the major information contained in each chapter of the report follows.

Table 1-1
Summary of 2003 trade agreements activities

Date	Event
January	
2	The U.S. Department of State announces a settlement with Hughes Electronics Corporation and Boeing Satellite Systems Inc. for illegally providing satellite and rocket technology in 1995 to China in violation of export control laws.
8	The WTO Dispute Settlement Body establishes dispute-settlement panel for Canada's complaint against U.S. antidumping duties on imports of softwood lumber from Canada.
13	The United States and the Southern African Customs Union (SACU) initiate free trade agreement (FTA) negotiations. SACU includes Botswana, Lesotho, Namibia, South Africa, and Swaziland.
13	The President announces the designation of Afghanistan as a beneficiary developing country under the U.S. Generalized System of Preferences (GSP).
15	President Bush requests Congress to extend the African Growth and Opportunity Act (AGOA) beyond its current 2008 expiration date.
16	The WTO Appellate Body upholds panel ruling that the U.S. Continued Dumping and Subsidy Offset Act of 2000 (the so-called Byrd Amendment) violates WTO rules. The Byrd Amendment provides for the U.S. Government to distribute the antidumping and anti-subsidy duties to the U.S. companies that filed or supported the original petition.
21	The United States and Morocco initiate FTA negotiations.
21	The United States and Mexico sign an agreement that protects Mexican poultry farmers from temporarily reduced import barriers under the North American Free Trade Agreement (NAFTA).
February	
7	The United States and India agree to expand high-technology trade.
17	Legislation is introduced in the U.S. Congress to provide Haiti duty-free access to the U.S. textile market.
18	The WTO establishes a dispute-settlement panel requested by Brazil to consider whether the U.S. support program for subsidies to producers of upland cotton violates WTO rules.
21	U.S.-Morocco FTA negotiations begin.

Table 1-1—Continued
Summary of 2003 trade agreements activities

March	
6	The United States requests establishment of a WTO dispute-settlement panel to consider whether certain Canadian measures relating to the export of wheat and treatment of imported grain are inconsistent with WTO rules.
17	The United States and Canada reach an agreement for Canada to end exporting subsidized dairy products to the United States and limit subsidized dairy exports to third countries.
26	A WTO Appellate Body ruling upholds its previous finding against Japan's restriction on U.S. apples.
27	The United States and Canada agree on a rail border plan that further enhances security at their borders.
April	
14	A WTO dispute-settlement panel rejects Japan's complaints against U.S. antidumping duties imposed on Japanese corrosion-resistant flat carbon steel products.
19	The WTO establishes a dispute-settlement panel to decide whether an expedited U.S. sunset review of antidumping measures regarding oil country tubular goods from Argentina is consistent with WTO antidumping agreements.
17	The United States and Vietnam sign a textile agreement that increases the cap on U.S. textile imports from Vietnam to approximately \$1.7 billion.
May	
1	United States lifts economic sanctions against Angola.
6	President Bush signs U.S.-Singapore FTA.
7	The WTO Dispute Settlement Body (DSB) authorizes the EU to impose countermeasures on U.S. products valued at a maximum \$4.043 billion per year as compensation in the dispute over the U.S. Foreign Sales Corporations/Extraterritorial Income Exclusion Act of 2000.
12	President Bush announces that the United States and Bahrain will negotiate an FTA to begin in 2004.
13	The United States requests WTO consultations with the EU, the first step in the WTO dispute-settlement process, over the EU's moratorium on new approvals of agricultural biotechnology products.
22	The United States and Russia agree on the parameters for market access for U.S. poultry, pork, and beef when Russia joins the WTO.
29	The WTO panel upholds in part U.S. determination that the Canadian stumpage program (fees imposed on foresters for cutting on public lands) subsidizes Canada's lumber industry.

Table 1-1—Continued
Summary of 2003 trade agreements activities

June	
2	The United States, Canada, and Mexico agree to expand NAFTA's transparency in dispute-settlement procedures and revise chapter 11 investor-state arbitration provision.
6	The U.S.-Chile FTA is signed.
10	The Bush administration announced that the African Growth and Opportunity Act trade preferences program needs to be extended beyond 2008 and enhanced to encourage more U.S. investment and trade with the sub-Saharan African countries.
11	A WTO dispute-settlement panel formed at the request of the EU, Japan, South Korea, China, Switzerland, Norway, New Zealand, and Brazil finds that the U.S. section 201 safeguard measures on certain steel products was inconsistent in certain respects with obligation under WTO Safeguard Agreement.
July	
11	The United States appeals a WTO dispute-settlement panel ruling that Section 201 steel safeguard duties are inconsistent with U.S. WTO obligations.
15	President Bush submits legislation for bilateral FTAs with Singapore and Chile.
26	The WTO Appellate Body upholds-panel finding that Japan's ban on imports of apples from the United States has no scientific basis.
21	The U.S. Department of Agriculture announces the end of import restrictions on certain Canadian beef that were put in place on May 20, 2003, owing to the discovery of BSB.
28	The United States imposes economic sanctions against Burma.
31	Two day consultations begin with respect to Mexico's antidumping measures on U.S. beef and long-grain white rice.
August	
13	A NAFTA dispute-settlement panel supports the United States' claim that Canadian softwood lumber imports are subsidized. However, the panel remands to the U.S. Department of Commerce (DOC) regarding the method by which DOC calculated margins.
13	The United States and European Union present a joint proposal for a framework agreement on agriculture during the Doha multilateral trade negotiations.
28	President Bush signs Singapore and Chile FTA legislation.
29	WTO members agree to exempt developing countries from TRIPS patent provisions for HIV/AIDS, tuberculosis, and malaria drugs.
September	
2	The United States requests Saudi Arabia to lower its import tariffs and to open its market for insurance, financial services, telecommunication, and audio-visual services.
21	The United States appeals a WTO panel decision on a U.S. final countervailing duty determination against Canadian softwood lumber imports.

Table 1-1—Continued
Summary of 2003 trade agreements activities

October	
2	The WTO establishes a dispute-settlement panel to examine the EU's rules on the protection of trademarks and geographical indications for agricultural products and foodstuffs in response to a request from the United States and Australia.
November	
7	The WTO establishes a dispute-settlement panel to review a U.S. challenge to Mexico's antidumping order on long-grain white rice.
10	The WTO Appellate Body upholds the overall panel ruling that U.S. Section 201 safeguard measures on certain steel products are inconsistent with U.S. obligations under the WTO Safeguard Agreement.
18	USTR notifies Congress of the intent to initiate negotiations for an FTA with a bloc of Andean countries (Colombia, Peru, Ecuador and Bolivia).
December	
3	President Bush announces that the United States will terminate Section 201 safeguard duties on steel imports.
5	The United States Trade Representative and Australian Trade Minister announce extension of U.S.-Australia FTA negotiations.
17	The United States announces the conclusion of an FTA with El Salvador, Guatemala, Honduras and Nicaragua (CAFTA). Details of some textile provisions, rules on appealing investment decisions and the structure of a citizen-based petition process for environmental issues remain open.
30	President Bush designates Angola as eligible for AGOA, while terminating the AGOA eligibility designation of Eritrea and the Central African Republic from .
30	President Bush declares the U.S.-Chile and U.S.-Singapore FTAs will enter into effect on January 2, 2004.
31	Mexico's Congress votes to continue a consumer tax on soft drinks, which contain high-fructose corn syrup (HFCS), extending barrier to HFCS imports from the United States.

Sources: Compiled by the Commission from information from the World Trade Organization, *Washington Trade Daily*, *Inside U.S. Trade*, and press releases from the Office of the U.S. Trade Representative, U.S. Department of Commerce, the State Department, and the White House.

Administration of U.S. Laws and Regulations

The following developments in U.S. trade programs occurred during the year 2003:

- During 2003, all three U.S. global safeguard measures in effect at the beginning the year were either terminated by the President (certain steel products) or allowed to expire (steel wire rod and steel line pipe). No new U.S. safeguard measures were applied during 2003 under any of the U.S. safeguard laws administered by the Commission, and no petitions were pending at year-end 2003. However, one Commission China safeguard recommendation was pending before the President at year-end 2003.

- The U.S. Department of Labor instituted 3,561 Trade Adjustment Assistance (TAA) investigations during FY 2003. The FY 2003 figure represents an increase from the 2,404 TAA petitions instituted during FY 2002. The number of completed TAA cases increased from 2,806 cases in FY 2002 to 3,583 cases in FY 2003, covering 196,112 workers. A new program, the TAA for Farmers, administered by the Department of Agriculture was established. Which provides technical assistance and cash benefits to eligible producers of raw agricultural commodities.

The U.S. Department of Commerce (Commerce) certified 207 firms as eligible to apply for trade adjustment assistance during FY 2003, an increase from the 107 firms certified in the previous year.

- Following final affirmative determinations by the Commission and the U.S. Department of Commerce, 15 new antidumping orders and six new countervailing duty orders were issued in 2003.
- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications field. During 2003, there were 37 active section 337 investigation proceedings, 19 of which were instituted in 2003. The Commission completed a total of 18 investigations and ancillary proceedings under section 337 in 2003, including one combined enforcement and advisory opinion proceeding relating to a previously concluded investigation. Three exclusion orders and four cease-and-desist orders were issued during 2003.
- The GSP program expired on September 30, 2001, and was extended retroactively through December 31, 2006. During 2003, several actions were taken by USTR including the extension of the deadline for submission of petitions for the 2003 Annual GSP Product and Country Eligibility Practices Review to September 3, 2003 and the initiation of a review to consider the designation of Algeria as a beneficiary developing country under the GSP.
- On December 30, 2003, the President approved the continued designation of 36 sub-Saharan countries as eligible for tariff preferences under AGOA. The President further determined that Angola should be designated as an AGOA beneficiary country. Two countries, Eritrea and the Central African Republic, did not continue to meet AGOA eligibility requirements and were dropped from the list of eligible countries.
- The Andean Trade Preference Act (ATPA) was amended by the Andean Trade Promotion and Drug Eradication Act (ATPDEA), as part of the Trade Act of 2002. ATPDEA extended the program to December 31, 2006, and expanded it to provide duty-free treatment for certain products previously excluded from eligibility for duty-free treatment, including certain textiles and apparel, footwear, petroleum and petroleum derivatives, watches and watch parts, and certain tuna packaged in foil or other flexible airtight packages

(not cans). U.S. imports from ATPA countries increased 21 percent to \$11.6 billion in 2003 from \$9.6 billion in 2002.

- In 2003, eligible imports from 24 countries and territories in the Caribbean Basin and Central America entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA). Unlike the ATPA program, the CBERA program has no statutory termination date. The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted on May 18, 2000, expanded the coverage of preferential tariff treatment to several articles previously excluded under the original CBERA, including certain apparel. CBERA imports increased to \$10.4 billion in 2003 from \$10.0 billion in 2002.
- In 2003, the United States had quotas on textiles and apparel from 46 countries, which accounted for 79 percent of U.S. imports of such goods by value. As required by the WTO Agreement on Textiles and Clothing (ATC), the United States is scheduled to eliminate all remaining quotas on such goods from 37 WTO countries on January 1, 2005.

World Trade Organization

In 2003, multilateral trade negotiations under the Doha Development Agenda (DDA) worked toward a mid-term review of progress at the WTO Fifth Ministerial Conference held in September 2003 in Cancun, Mexico. Instead of setting specific terms or “negotiating modalities” at the conference for individual negotiating groups to allow them to move toward the scheduled January 2005 conclusion, the conference reached an impasse, initially over agricultural subsidy reductions and later over new trade-related issues known as the “Singapore issues.” For the remaining months in 2003, the WTO Director-General and General Council chairman held consultations with members on how to resume negotiations under the DDA.

Organization for Economic Cooperation and Development

In 2003, the OECD Trade Committee worked largely to support the multilateral trade negotiations being held under the WTO Doha Development Agenda, both leading up to and following the WTO Fifth Ministerial Conference.

Asia Pacific Economic Cooperation

At the 2003 APEC Ministerial held in Bangkok, Thailand, APEC ministers discussed how to reinvigorate the WTO Doha negotiations, how to address regional security challenges and infectious diseases. The ministers recognized APEC's capacity building contributions and reaffirmed the importance of WTO capacity building activities in the future. APEC ministers took actions in other areas regarding structural reform; trade and investment liberalization and facilitation; Individual and Collective Action Plans; Pathfinder initiatives; APEC Business-Government Dialogues; Economic and Technical Cooperation and Capacity Building; intellectual property rights, cybersecurity, electronic commerce; e-learning; Severe Acute Respiratory Syndrome (SARs); social safety nets and workforce retraining; financial architecture; economic research and analysis; and small- and medium-sized enterprises (SMEs) and micro-enterprises.

U.S. Free Trade Agreements

The United States participated in five operative free trade agreements (FTAs) as of December 31, 2003: the U.S.-Israel FTA of 1985, the NAFTA of 1994; the U.S.-Jordan FTA of 2000; the U.S.-Chile FTA of 2003, and the U.S.-Singapore FTA of 2003. In 2003, the President notified Congress of his intention to launch FTA negotiations with Australia and Bahrain. In addition, the Administration launched negotiations with the countries of the South African Customs Union (Botswana, Lesotho, Namibia, South Africa and Swaziland). Also, in 2003, the United States continued the negotiations begun in 1994 with 34 other democratic countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas (FTAA).

Bilateral Trade Relations

European Union

Two important long-term trade disputes remained on the U.S.-EU trade agenda in 2003 and were still unresolved at the end of the year: U.S. tax policy on foreign sales corporations; and the EU biotech moratorium. The WTO dispute-settlement process continued in response to EU complaints and WTO rulings that U.S. special tax treatment of foreign sales corporations (FSCs), and the replacement U.S. tax policy, constitute a prohibited export subsidy. In May 2003 the WTO Dispute Settlement Body authorized the EU to take countermeasures valued at \$4.043 billion per year, in line with the arbitration report issued in August 2002. In December 2003, the EU adopted a regulation to impose an additional tariff of 5 percent ad valorem on U.S. products on March 1, 2004, followed by automatic 1 percentage point increases in each month thereafter until March 1, 2005, or until the United States complies with the WTO ruling.

The EU's de facto moratorium on agricultural biotechnology approvals continued during 2003, disrupting U.S. exports of corn and threatening U.S. exports of

soybeans. In May, the United States filed a WTO dispute-settlement complaint against the biotech moratorium. The United States is also monitoring two regulations the EU approved in 2003 on the traceability and labeling of biotech products and on biotech food and feed.

Canada

In 2003, Canada remained the second largest U.S. trading partner surpassed only by the European Union. NAFTA is a three party agreement which includes Mexico. The U.S.-Canada bilateral trading relationship is largely governed by NAFTA. On October 7, 2003, the NAFTA Free Trade Commission agreed to pursue further liberalization of the NAFTA rules of origin, and also agreed to commence a study of the most favored nation (MFN) tariffs of each of the parties. In the case of the NAFTA rules of origin, the NAFTA provides for preferential tariff and trade treatment of goods of U.S., Canadian, and Mexican origin, pending successful completion of the general NAFTA rules of origin requirements as outlined in section 202 of the North American Free Trade Implementation Act. Since the NAFTA entered into force, the parties have modified many of the rules of origin, conforming them to tariff classification changes, thus making them less restrictive and less burdensome to administer. With respect to the tariff harmonization study, since 1994 the parties have undertaken four separate tariff-cut acceleration exercises, speeding the elimination of tariffs on several hundred line items that have covered billions of dollars in trade. Under NAFTA article 308, the three countries harmonized at zero tariff rates for computers/computer parts, local area network equipment, and semiconductors. The U.S. and Canada have indicated an intent to consult with their national industries to determine whether more products might be covered by this exercise.

Mexico

Mexico maintained its position in 2003 as the third-largest U.S. trading partner after the European Union and Canada, and before China. Agricultural imports from the United States and their possible adverse effects on Mexican farming interests, as perceived by Mexico, continued to be an important issue in U.S.-Mexican trade relations. The year 2003 brought no major changes with respect to some long-standing bilateral economic concerns, including bilateral trade in sweeteners, and U.S. implementation of NAFTA cross-border trucking provisions.

Japan

The main forum for discussion of U.S.-Japan trade issues in 2003 was the U.S. Economic Partnership for Growth. The purpose of the partnership, launched in 2001, is to promote economic growth and open markets by focusing on sectoral and cross-sectoral issues related to regulatory and competition policy. In 2003, the United States submitted reform recommendations to Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative. The recommendations focused on areas such

as telecommunications, information technologies, medical, energy, and competition policy. There were also bilateral discussions in the Investment Initiative, the Financial Dialogue and the Trade Forum.

China

The principal focus of the U.S.-China trade relationship in 2003 was China's compliance with the terms of its WTO accession. Major areas of U.S. concern were agriculture, services, enforcement of intellectual property rights, transparency of government regulations, and certain value-added tax policies. Other issues during the year included U.S. proceedings under two separate safeguard mechanisms established in China's WTO accession agreement: the China-specific safeguard mechanism and the special textile safeguard mechanism.

Taiwan

During 2003, Taiwan continued to make significant progress in a number of IPR areas, especially in IPR-related enforcement actions. An Integrated Enforcement Task Force (IEFT) was created during 2003 to join forces with the Joint Optical Disk Enforcement Tasks Force (JODE) to crack down on optical disc media piracy. JODE inspected over 1,000 factories during the year and IEFT made between 300-400 inspections per month. Taiwan's enforcement authorities, in cooperation with Microsoft, also conducted raids that led to arrests against criminal syndicates suspected of producing, marketing, and distributing counterfeit software. Taiwan's Intellectual Property Office has proposed a registration system to simplify power of attorney requirements in Taiwan. However, piracy is considered to be high and Taiwan remained on USTR's Priority Watch List in for problems associated with protecting intellectual property rights in 2003. Even though the legislative Yuan passed an amendment to the copyright law that made intellectual property violations a public crime, Taiwan still lacks an effective copyright law.

Korea

U.S.-Korean trade relations in 2003 reflected the continued relaxation of trade frictions in recent years. The two countries meet regularly to discuss bilateral trade issues. Significant bilateral trade issues between the United States and Korea during 2003 included intellectual property rights protection and telecommunications.

USTR conducted an out-of-cycle Special 301 Review relating to IPR protection in the fall of 2003, based on concerns expressed in the Special 301 Report issued in May 2003. The United States continued to express concerns that Korea is inclined to mandate telecommunications technology standards in Korea rather than allow market forces to determine successful technologies. Korea has delayed mandating such standards while consulting with the United States and WTO bodies.

Brazil

Brazil continued to participate in the Southern Common Market (Mercosur) and in the ongoing negotiations for the Free Trade Area of the Americas (FTAA). A major bilateral issue in 2003 was Brazil's approval process for biotechnology imports, which remains an obstacle to trade in this area. Another issue is deficiencies in Brazil's enforcement of intellectual property rights, despite some actions towards addressing U.S. concerns.

International Economic Environment in 2003

Following a hesitant recovery in 2002, the world economy grew at 3.2 percent in 2003 compared to 3.0 percent in 2002. The recovery was supported by the strengthening of consumer and investment spending and by accommodative monetary and fiscal policies.³

Table 1-2 shows comparative indicators of the United States and selected U.S. trading partners for 2003 and estimates for 2004, according to the OECD and the International Monetary Fund (IMF). In the OECD area, a recovery took hold led by strong growth in North America, Asia, and several EU countries. The OECD forecast for 2004 and 2005 is one of sustained growth and progressive recovery in the United States, Europe, and Asia, combined with low inflation and a gradual reduction in unemployment. Real GDP grew by 3.0 percent for the total OECD area. World trade is projected to grow 4.0 percent in 2003.⁴

United States

Among the developed economies, the U.S. economy fared relatively well in 2003, growing by 3.1 percent. The IMF projects faster growth in the United States in 2004. Moreover, the Council of Economic Advisers noted that the U.S. economy continues to display characteristics favorable to long-term growth. Productivity remains strong, and inflation remains low and stable. The pace of growth is expected to be slow initially; following growth of 3.1 percent in 2003, the Council forecasts growth rates of U.S. real GDP at 4.0 percent in 2004 and 3.4 percent in 2005. Consumer prices rose by 1.9 percent in 2003. The unemployment rate was 6.0 percent in 2003.⁵ Also, the Federal Reserve Board of Governors, in its February 2004 monetary policy report to the Congress, said that the economic expansion will continue at a brisk pace in 2004. The Board based this view on reports of plans for stronger capital spending and widespread economic activity across the regions. Reviewing economic expansion in the United States during 2003, the Board said that "accommodative financial

³ The 2003 economic statistics in this section are presented as actual but could be subject to revision. The 2004 statistics are projected by the IMF, OECD, and CEA.

⁴ OECD, "Making the Most of the Recovery, and the Table of Summary of Projections," Economic Outlook, vol. 2003/2, no.74, Dec. 2003.

⁵ Economic Report of the President, February 2004, p. 98, table 3-1.

Table 1-2
Comparative economic indicators of the United States and specified major trading partners, projections, 2003-04

Country	Real GDP		Inflation rates ¹		Unemployment rates ²		Governments' budget balances ³		Goods & services trade balances		Current account balances ⁴	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
	Percent change from previous period				Percent of GDP		Billion dollars		Percent of GDP			
Major traders:												
United States	3.1	4.6	2.3	1.7	6.0	5.5	-4.9	-5.1	-496.5	-526.5	-5.0	-5.0
Canada	1.7	2.6	2.7	1.4	7.8	7.8	1.0	0.7	36.9	39.6	2.1	1.8
Japan	2.7	3.4	-0.2	-0.2	5.3	5.2	-7.4	-6.8	60.5	84.0	2.9	3.6
Germany	0.0	1.4	0.9	0.8	8.9	9.1	-4.1	-3.7	95.9	116.6	2.1	2.8
United Kingdom	2.3	3.5	2.8	2.6	5.0	4.9	-2.9	-2.9	-57.7	-69.6	-2.7	-3.5
France	0.2	1.6	2.0	1.4	9.6	9.8	-4.0	-3.7	19.5	21.0	0.9	1.0
Italy	0.5	1.6	2.7	2.0	8.9	8.9	-2.7	-2.9	2.2	-0.6	-1.2	-1.2
Euro area	0.4	1.7	1.9	1.7	9.1	8.9	-2.7	-2.6	169.1	195.0	0.6	0.7
Mexico	1.5	3.6	4.5	4.3	3.0	3.0	(⁵)	(⁵)	-11.7	-16.5	-1.5	-2.0
Total OECD	2.0	3.0	1.8	1.4	7.1	7.0	-3.8	-3.8	-249.4	-245.4	-1.4	-1.3
China	9.1	8.5	1.2	3.5	(⁵)	(⁵)	-2.9	-2.8	(⁵)	(⁵)	2.1	1.6
Hong Kong	3.3	5.5	-2.6	-0.5	7.9	6.4	-3.6	-3.0	20.0	20.5	11.0	10.3
Korea, Rep. of	2.7	4.7	3.5	3.7	3.4	3.3	3.5	4.0	7.2	5.4	2.0	1.5
Singapore	1.1	5.0	0.5	1.2	4.7	4.2	4.1	6.7	(⁵)	(⁵)	30.9	28.0
Taiwan	3.2	4.9	-0.3	0.7	5.0	5.0	-4.4	-2.5	9.8	14.4	10.0	7.3
Brazil	0.5	3.0	10.0	7.0	(⁵)	(⁵)	-4.0	-3.0	(⁵)	(⁵)	0.0	-1.0
Russia	6.3	5.0	13.0	11.0	(⁵)	(⁵)	1.0	0.5	(⁵)	(⁵)	8.5	5.5

¹ GDP deflator, private consumption deflators and/or retail prices percent change from previous year.

² Percentage of total labor force.

³ Financial balances as a percentage of nominal GDP.

⁴ Surplus (+), deficit (-) given as a percentage of GDP.

⁵ Not available.

Note.—2003 data are actual but might be subject to revisions and 2004 data are projections of the IMF and OECD; however, GDP, inflation, unemployment rates, and merchandise trade balance for the United States in 2003 are actual. N/A= not available. Column does not add to total due to the omission of other OECD members.

Source: OECD, *World Economic Outlook*, vol. 74, Dec. 2003/2 Annex table 1; IMF, *World Economic Outlook*, Apr. 2004; and official statistics of the U.S. Department of Commerce.

market conditions, including higher equity prices, narrower risk spreads bonds, and eased standards on business loans, also seemed supportive of economic expansion."⁶

Recently published data by the Bureau of Economic Analysis (BEA) of the Department of Commerce also show that the U.S. economy grew at a strong pace in 2003, while unemployment and core inflation rates remained relatively low in 2003. U.S. real GDP grew at annual rates of 8.2 percent in the third quarter and 4.1 percent in the fourth quarter. GDP increased 3.1 percent overall in 2003. The major contributors to the increase in real GDP in 2003 were personal consumption expenditures which increased 3.1 percent, gross private domestic investment which increased by 4.1 percent after declining 1.2 percent in 2002, and an upturn in exports.⁷ Productivity played a major role in sparking growth. Productivity in the manufacturing sector increased 4.3 percent and in durable goods manufacturing productivity grew 6.7 percent.⁸ The strong annual productivity gains have played a key role in absorbing wage increases in recent years, thus keeping inflation rates low.

Canada

In Canada the economy grew 1.7 percent in 2003 and is expected to grow by 2.6 percent in 2004, according to the IMF, with the outlook largely dependent on U.S. growth and on Canada's trade and financial linkages with the United States. The economic slowdown in 2003 was attributed in part to the sharp appreciation of the Canadian dollar exchange rate and a decline in meat exports due to the discovery of bovine spongiform encephalopathy (BSE, commonly called "mad cow" disease) and to the health crisis involving Severe Acute Respiratory Syndrome (SARs). The appreciation of the Canadian dollar weakened exports and strengthened imports. SARs restricted tourism and the discovery of BSE reduced beef exports. Household spending remained relatively robust supported by low interest rates, and fiscal policy easing. Economic activity is expected to increase in 2004, supported by economic strengthening in the United States and easier monetary conditions, following the Bank of Canada's lowering official interest rates in mid-2003. The current account surplus was 1.9 percent of GDP in 2003.

Europe

In the euro area, economic projections by the OECD and the IMF forecast a deeper and more prolonged slowdown, but show tentative signs of a turnaround. GDP grew by a meager 0.5 percent in 2003.⁹ Modest growth since late 2001 has been led

⁶ "Monetary Policy Report to the Congress," submitted on Feb. 11, 2004, Federal Reserve Bulletin, at www.federalreserve.gov/boarddocs/hh/2004/february/ReportSection1.htm.

⁷ U.S. Department of Commerce, "Gross Domestic Product: Fourth Quarter 2003," BEA 04-04, found at www.bea.gov/bea/rels.htm.

⁸ U.S. Department of Labor, Bureau of Labor Statistics, USDL 04-119, Productivity and Costs, Preliminary Fourth Quarter and Annual Averages for 2003, found at <http://www.bls.gov/lpc/>.

⁹ OECD, Economic Outlook, and IMF World Economic Outlook, Sept. 2003 and IMF World Economic Outlook, Apr. 2004, table 13.

by slowly rising exports but also reflects sluggish domestic demand across much of the region.

The appreciation of the euro in effective terms may have contributed to the 2003 downturn by adversely affecting the trade balance and profit margins of trading sectors. Exports of goods slowed sharply reflecting weaker global demand and the appreciation of the euro. The fall in imports growth reflected the downturn in domestic demand. As exports declined more than imports, the trade surplus declined. Although monetary policy has been eased considerably since the start of 2003, the appreciation of the euro has taken back most of the resulting demand stimulus of reduced interest rates. Nevertheless, divergences in economic developments in individual euro-area economies persist across the region, reflecting differences in the impact of recent global shocks, from higher oil prices and weaker world trade, differences in fiscal pressures, and underlying structural conditions.

Latin America

According to the IMF, a tentative economic recovery is emerging in Latin America, although to different degrees among countries. The upturn depends on the global economic recovery, increased exports, substantial exchange rate depreciation, and improved economic and political fundamentals in some regions.

For the Western Hemisphere, GDP grew by 1.7 percent in 2003. Inflation was 10.6 percent in 2003. The current account surplus was 0.2 percent of GDP in 2003. In Mexico real GDP grew by 1.5 percent 2003 A strong recovery in exports to the United States and a pick-up in investment helping the economic recovery. Access to international capital markets on favorable terms increased foreign investment inflows and eased downward pressures on exchange rates. Strong capital inflows reflect the impact of the North American Free Trade Agreement (NAFTA) on direct investment. The current account deficit reached about 1.9 percent of GDP in 2003. Mexico's consumer price inflation in 2003 was 4.5 percent.¹⁰

Asia

In Asia, economic activity picked up markedly in 2003, with industrial production and exports rebounding. According to the IMF published reports, because of a pickup in domestic demand supported by macroeconomic policies, regional GDP grew by 7.2 percent in 2003 and is projected to grow 6.8 percent in 2004. However, the outlook depends to a large extent on growth in the United States and Europe; a loss of momentum in the Information Technology (IT) sector; and also on the political situation in the Middle East, which has resulted in an increase in oil prices. Most countries retain access to international capital markets. However, greater foreign exchange-rate flexibility is required to reduce the risk of international financial crisis, make domestic growth less dependent on global business cycles, and help to resolve global imbalances.

¹⁰ IMF World Economic Outlook, Vol. 2005/No. V December April 2004, table 1-6.

Japan

In Japan, the economic recovery in the first half of 2003 was underpinned by a low level of inventories, an and increase in business investment and exports. Japan's real GDP grew 2.7 percent in 2003 and is projected to grow 1.8 percent in 2004. The low level of inventories stimulated increased production and the low yen value boosted exports. Japan's growth is supported by rising domestic demand and investment. Final domestic demand grew 2.0 percent in 2003 following a decline of 0.2 percent in the previous year. Gross fixed investment rose 4.4 percent in 2003 but was projected to increase at a slower rate in 2004.¹¹ Despite increased investment and public spending, deflation persisted reaching 0.2 percent when measured by consumer prices, and 2.5 percent when measured by the GDP deflator. The unemployment rate remained historically high at 5.3 percent in 2003.

China

In China, real GDP grew about 8.4 percent in 2003, and is expected to continue growing after a slowdown attributable to outbreaks of SARs. The strong growth has been driven by domestic demand and by investment. Export growth, however, was accompanied by a stronger growth in imports. As a consequence, the contribution of net exports to output has been small and has led to a fall in the current account surplus. The current account surplus as a percent of GDP declined to 1.9 percent in 2003 and is expected to decline to 0.6 percent in 2004. However, overall activity remains strong led by buoyant private consumption and strong public investment. Business capital spending has emerged as a new driver of growth. Investment has been particularly strong in automobiles, iron and steel, metallurgy, textiles, and high-tech industries. China's near-term vulnerability to external shocks is limited both by its high level of foreign reserves and by strong inflows of foreign direct investment. The key economic challenge, which has become more urgent with China's entry into the World Trade Organization, remains strengthening of the banking sector, which despite recent loan transfers to asset management companies, continues to be burdened by high levels of non-performing loans.¹²

Africa

The IMF reported GDP growth in sub-Saharan Africa at 4.1 percent in 2003 and projected growth at 5.4 percent in 2004, underpinned by favorable developments in non-oil commodity prices, as well as debt relief under the heavily indebted poor countries (HIPC) initiative. Improved macroeconomic policies in some countries also played a crucial role. However, external current account deficits in many countries in

¹¹ Ibid., pp. 23-25; and OECD Economic Outlook, 2003/2, no.74, Dec., pp. 41-43, "Japan: Demand" and output table, financial indicators, and demand and output tables.

¹² Ibid., p. 33.

sub-Saharan Africa remain relatively high, reflecting in part high debt levels, low rates of savings and low per capita incomes and structural impediments to economic diversification.¹³

U.S. Merchandise Trade in 2003

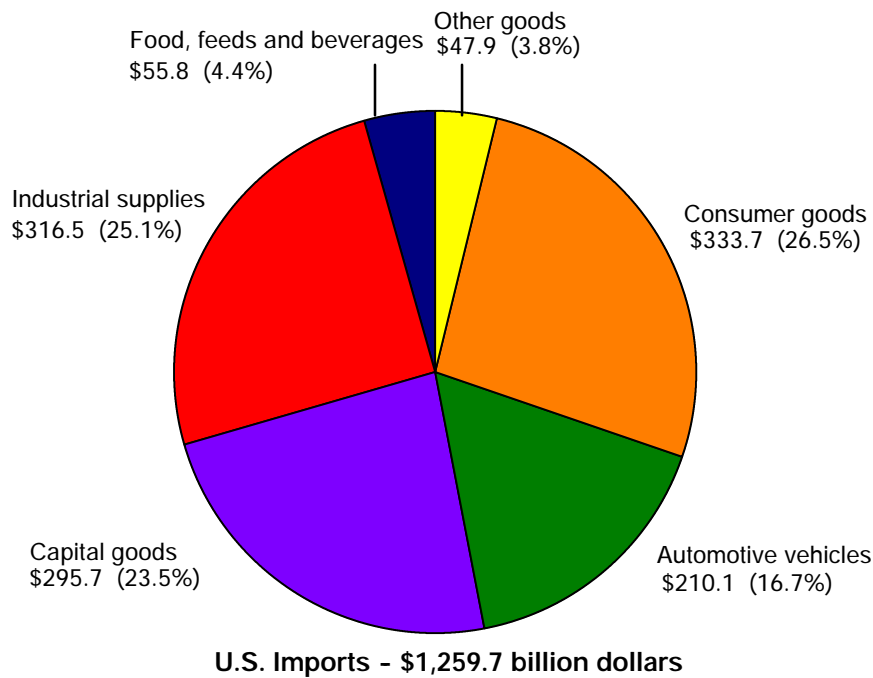
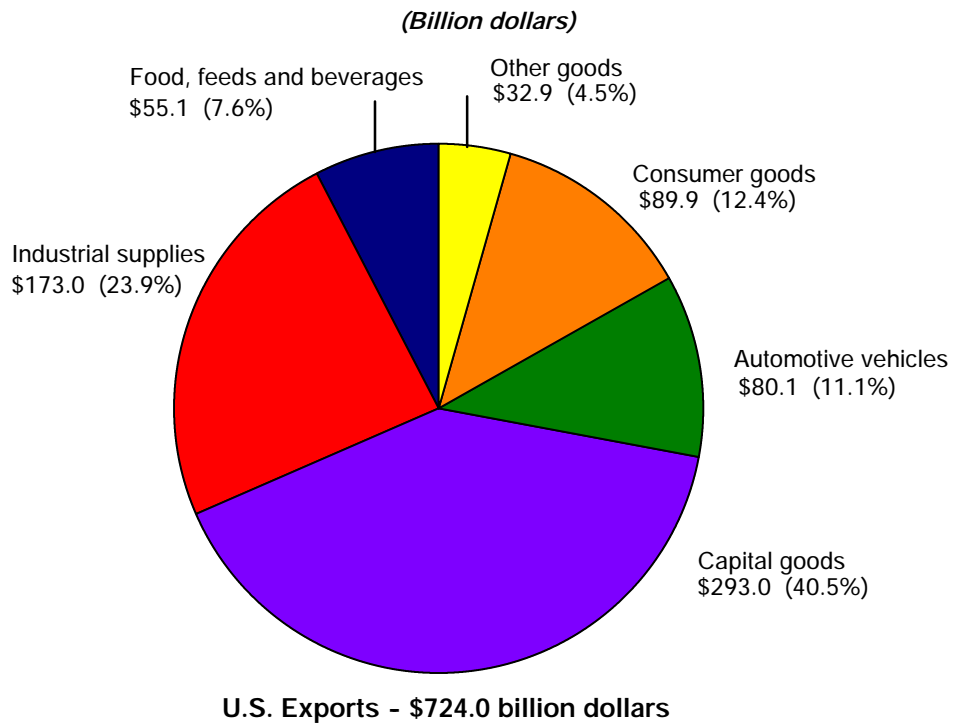
In 2003, the United States ranked as the world's largest merchandise exporter and importer, followed by Germany and Japan. U.S. merchandise exports (based on U.S. Census data) were \$724.0 billion in 2003, compared with merchandise exports of \$693.1 billion in 2002; merchandise imports were \$1,259.7 billion, up from \$1,161.4 billion in 2002. The U.S. merchandise trade deficit with the world was \$535.7 billion in 2003, up from \$468.3 billion in 2002. The merchandial trade deficit was modestly offset by a services trade surplus of \$28.2 billion in 2003. This services trade surplus is projected to decreased to \$9.2 billion in 2004. The majority of U.S. exports consisted of capital goods, which accounted for 40.5 percent of total U.S. exports in 2003, followed by industrial supplies (23.9 percent); consumer goods (12.4 percent); automotive vehicles (11.1 percent); foods, feeds, and beverages (7.6 percent); and all other goods (4.5 percent). The majority of U.S. imports consisted of consumer goods, which accounted for 26.5 percent of total U.S. imports, followed by industrial supplies (25.1 percent); capital goods (23.5 percent); automotive vehicles (16.7 percent); and food, feeds, and beverages (4.4 percent). The category "all other goods" accounted for 3.8 percent of total U.S. imports (see figure 1-1).

Figure 1-2 shows U.S. merchandise exports, imports, and trade balances with major trading partners. Leading U.S. exports to and imports from these major U.S. trading partners are highlighted in the appendix. In 2003, U.S. trade with NAFTA countries accounted for about 32.0 percent of total U.S. exports and imports. NAFTA accounted for \$95.0 billion, or 17.7 percent of the total U.S. trade deficit of \$537.7 billion in 2003. Canada accounted for \$54.6 billion, or 10.2 percent of the total U.S. deficit, and Mexico accounted for \$40.6 billion or 7.6 percent of the total U.S. deficit. The U.S. trade deficit with China was \$124.0 billion followed by the EU at \$94.3 billion, Japan at \$66.0 billion, Taiwan at \$14.1 billion, and Korea at \$13.0 billion. The U.S. trade deficit with China and Japan combined totaled \$190.0 billion or about 35.5 percent of the total U.S. trade deficit on goods.¹⁴

¹³ IMF, op. cit, pp. 47-50.

¹⁴ Data in this section were taken from Commerce News FT900 (03-12) BEA-04-07 might differ from data with the statistical appendix due to several adjustments.

Figure 1-1
U.S. merchandise trade with the world, by product sectors, 2003

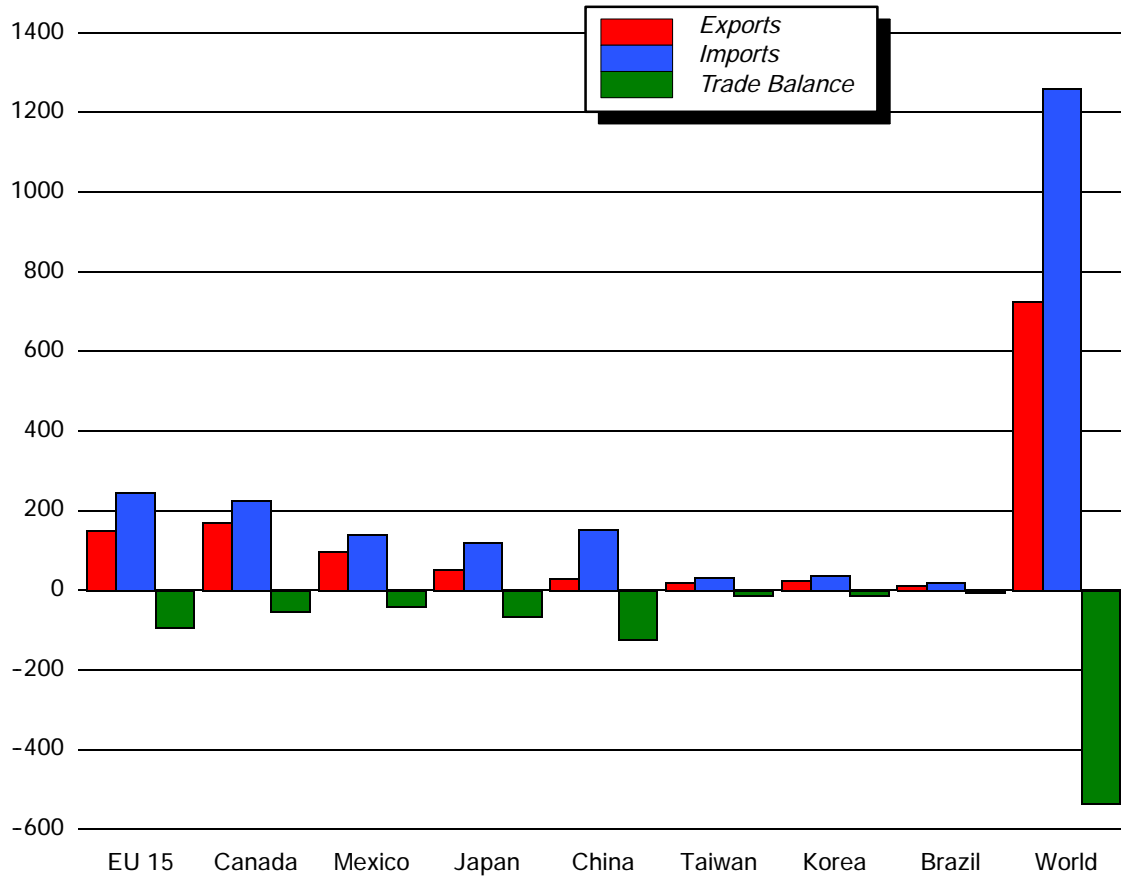


Note.—Because of rounding, figures may not exactly equal totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce; FT900, BEA-04-04, Dec. 2003 (03-12).
 Statistics may not match with data in the appendix due to certain adjustments.

Figure 1-2
U.S. merchandise exports, imports, and trade balances with major trading partners, 2003

Billion dollars



<i>Major trading partners</i>	<i>Exports</i>	<i>Imports</i>	<i>Trade balance</i>
	<i>Billion dollars</i>		
EU (15)	150.6	244.8	-94.3
Canada	169.8	224.2	-54.4
Mexico	97.5	138.1	-40.6
Japan	52.1	118.0	-66.0
China	28.4	152.4	-124.0
Taiwan	17.5	31.6	-14.1
Korea	24.1	37.0	-13.0
Brazil	11.2	17.9	-6.7
World	724.0	1259.7	-535.7

Note.—Because of rounding, and omissions figures may not exactly equal totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce; FT900, BEA-04-04, Dec. 2003 (03-12). Statistics may not match with data in the appendix due to certain adjustments.

U.S. Balance of Payments Position

The U.S. current account deficit (the combined balances on trade in goods, services, and investment income and net unilateral transfers) increased 12.7 percent to \$541.8 billion in 2003, from \$480.9 billion in 2002, according to the Bureau of Economic Analysis of the U.S. Department of Commerce (see table 1-3). An increase in the deficit on goods and services, and in net outflow for unilateral current transfers, accounted for the increase. In contrast the balance on income shifted to a surplus in 2003 from a deficit in 2002.¹⁵

Table 1-3
Summary of U.S. international transactions, 2002-03

(Billion dollars)

Item	2002	2003
Merchandise exports	681.9	713.8
Merchandise imports	-1164.8	-1263.2
Balance on merchandise trade	-482.9	-549.4
Services exports	292.2	304.9
Services imports	-227.4	-245.7
Balance on services	64.8	59.3
Balance on goods and services	-418.0	-490.2
Income receipts on U.S. assets abroad	255.5	275.5
Income payments on foreign assets in the United States	-259.5	-258.9
Balance on investment income	-4.0	16.6
Balance on goods, services, and income	-422.0	-473.6
Unilateral transfers	-58.9	-68.3
Balance on current account	-480.9	-541.8
U.S. assets abroad, net, outflow (-)	-179.0	-277.7
Foreign assets in the U.S., net, inflow (+)	707.0	856.7
Net capital inflows (+), outflows (-)	528.0	579.0

Source: Bureau of Economic Analysis, *U.S. International Transactions, Fourth Quarter and Year 2003*, BEA 04-11. Details may not add to totals because of rounding. Figures are on balance-of-payments basis. Exports of goods are adjusted for timing, valuation, and coverage to balance-of-payments basis, excluding exports under U.S. military agency sales. Exports of services include some goods that cannot be separately identified from services.

Agricultural and nonagricultural products exports increased. More than half of the increase in nonagricultural products was attributable to a rise in industrial supplies and materials; and the next largest increase was in consumer goods. About one-third of the increase in goods imports was attributable to an increase in petroleum and petroleum products. All major categories of nonpetroleum imports increased with the largest increases in consumer goods and industrial supplies and materials.

The U.S. surplus on services trade decreased to \$59.3 billion in 2003 from \$64.8 billion in 2002. Services exports increased to \$304.9 billion from \$292.2 billion while imports increased to \$245.7 billion from \$227.4 billion. Increases in exports of the "other private services" category (such as business, professional, and technical and financial services), and in royalties and license fees, and in "other" transportation—such as freight and port services—were partly offset by decreases in travel and in passenger fares. The increase in services imports was in "other private services," "other transportation," and in direct defense expenditure.

¹⁵ U.S. Department of Commerce, Bureau of Economic Analysis, U.S. International Transactions Fourth Quarter and Year 2003, BEA 04-11, available at BEA's website at www.bea.gov/bea/rels.htm.

The balance on income shifted to a surplus of \$16.6 billion from a deficit of \$4.0 billion in 2002 as income receipts on U.S.-owned assets abroad increased to \$275.5 billion from \$255.5 billion in 2002, an increase of \$20.0 billion, while income payments declined to \$258.9 billion from \$259.5 billion. The increase in income receipts was more than accounted for by an increase in direct investment receipts. Direct investment income receipts increased to \$175.5 billion from about \$142.9 billion.

Income payments on foreign-owned assets in the United States decreased to \$258.9 billion from \$259.5 billion. Direct investment payments increased to \$71.5 billion from \$49.5 billion in 2002. "Other" private payments—which consist of interest and dividends and U.S. Government payments—both decreased.

U.S.-owned assets abroad increased by \$277.7 billion in 2003, compared with an increase of \$179.0 billion in 2002. Foreign-owned assets in the United States increased by \$856.7 billion in 2003 compared with an increase of \$707.0 billion in 2002.

Net inflows of foreign capital in the United States increased by \$579.0 billion from \$528.0 billion in 2002. In 2003, the U.S. dollar depreciated 12 percent on a trade-weighted yearly average basis against the Group of Seven major currencies.¹⁶

¹⁶ The G-7 includes the United States, Canada, Japan, Germany, France, the United Kingdom and Italy.

CHAPTER 2: Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws and regulations during 2003. Concerns covers the following: import relief laws; unfair trade laws; certain other trade provisions, including the U.S. Generalized System of Preferences (GSP), the African Growth and Opportunity Act, the Andean Trade Preference Act (ATPA) and the Andean Trade Promotion and Drug Eradication Act, (ATPDEA) and the Caribbean Basin Economic Recovery Act (CBERA) and the Caribbean Basin Trade Partnership Act (CBTPA); section 232 of the Trade Expansion Act of 1962 on impairment of national security; and programs affecting textile and apparel imports.

Import Relief Laws

The United States has enacted several laws that implement safeguard provisions in international trade agreements, as well as a trade adjustment assistance program. The U.S. global action safeguard law, which is based on Article XIX of GATT 1994 and the WTO Agreement on Safeguards, is set forth in sections 201–204 of the Trade Act of 1974, as amended.¹ U.S. bilateral action safeguard laws include section 406 of the Trade Act of 1974 (market disruption from imports from Communist countries),² sections 421–422 of the Trade Act of 1974 (market disruption, trade diversion, China),³ and sections 301–312 of the North American Free Trade Agreement (NAFTA) Implementation Act.⁴ The trade adjustment assistance provisions are set forth starting with section 221 of the Trade Act of 1974.⁵

Safeguard Actions

At the end of 2003, no U.S. safeguard measures were in effect and no petitions were pending before the U.S. International Trade Commission (USITC or Commission), although one USITC China safeguard recommendation was pending before the President. During 2003, the President terminated or allowed to expire all three U.S. global safeguard measures in place at the beginning of the year (certain steel

¹ 19 U.S.C. 2251 et seq.

² 19 U.S.C. 2436.

³ 19 U.S.C. 2451, 2451a.

⁴ 19 U.S.C. 3351 et seq.

⁵ 19 U.S.C. 2271 et seq.

products, steel wire rod, and steel line pipe⁶); no new U.S. safeguard measures were applied during the year under these statutes. During the year, the USITC conducted a midcourse review investigation with respect to the U.S. global safeguard measure on certain steel products,⁷ and completed three investigations under the U.S. China safeguard law. The USITC made affirmative determinations and remedy recommendations to the President in two of the China safeguard investigations (steel wire garment hangers⁸ and ductile iron waterworks fittings⁹), and made a negative determination in the third (brake drums and rotors¹⁰). The President decided not to apply a safeguard measure in the steel wire garment hangers case,¹¹ and the recommendation in the ductile iron waterworks fittings case was pending before the President at year end.¹²

The President terminated the U.S. global safeguard measure on certain steel products in December 2003.¹³ The measure, in the form of increased tariffs and tariff rate quotas, was initially applied in March 2002, and was liberalized in March 2003. The President terminated the measure following receipt of the September 2003 USITC monitoring report and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the actions taken had been impaired by changed circumstances.¹⁴ A U.S. licensing program on imports of such steel products established under the original proclamation remained in effect, pending establishment of a replacement program.¹⁵ Earlier in the year, in July 2003, a WTO panel found that the U.S. measure was inconsistent in certain

⁶ The safeguard measures on certain steel products were terminated by the President on December 4, 2003, and the measures on steel wire rod and steel line pipe were allowed to expire on Mar. 1, 2003.

⁷ USITC, Steel: Monitoring Developments in the Domestic Industry, investigation No. TA-204-0, USITC publication No. 3632, Sept. 2003.

⁸ USITC, Certain Steel Wire Garment Hangers from China, investigation No. TA-421-2, USITC publication No. 3575, Feb. 2003.

⁹ USITC, Certain Ductile Iron Waterworks Fittings from China, investigation No. TA-421-4, USITC publication No. 3657, Dec. 2003.

¹⁰ USITC, Certain Brake Drums and Rotors from China, investigation No. TA-421-3, USITC publication No. 3622, Aug. 2003.

¹¹ See Memorandum for the Secretary of Commerce, the Secretary of Labor, and the United States Trade Representative, April 25, 2004, downloaded from www.whitehouse.gov/news/releases/2003/04/20030425-8.html.

¹² The President subsequently decided not to apply a measure. See Memorandum for the United States Trade Representative, March 3, 2004, downloaded from www.whitehouse.gov/news/releases/2004/03/20040303-12. A fifth petition was filed under the statute in January 2004 with respect to uncovered innerspring (mattress) units from China. The USITC made a negative determination in that case in March 2004. See USITC, Uncovered Innerspring Units from China, investigation No. TA-421-5, USITC publication No. 3676, Mar. 2004.

¹³ See Proclamation 7741 of December 4, 2003, 68 FR 68483, Dec. 8, 2003. The 14 steel products covered by the measures included carbon and alloy steel (1) slabs, (2) plate, (3) hot-rolled steel, (4) cold-rolled steel, (5) coated steel, (6) tin mill products, (7) hot bar, (8) cold bar, (9) rebar, (10) welded tubular products other than OCTG, and (11) fittings; and stainless steel (12) bar, (13) rod, and (14) wire. The President did not apply the measures to imports from Canada, Israel, Jordan, or Mexico, with which the United States has free trade agreements, or to imports from most developing countries. See Proclamation 7529 of March 5, 2002, 67 FR 10553, Mar. 7, 2002.

¹⁴ Proclamation 7741 of December 4, 2003, 68 FR 68483, Dec. 8, 2003.

¹⁵ *Ibid.*

respects with U.S. obligations under the WTO Agreement on Safeguards.¹⁶ The United States appealed certain findings of the panel and in November 2003 the WTO Appellate Body ruled that the U.S. measure was inconsistent in certain respects with U.S. obligations under the Safeguards Agreement.¹⁷

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth in section 221 of the Trade Act of 1974, authorizes the U.S. Secretary of Commerce and the U.S. Secretary of Labor to provide trade adjustment assistance to firms and workers who are adversely affected by increased imports. On August 6, 2002, the President signed into law the Trade Adjustment Assistance Reform Act of 2002 (TAA Reform Act), which reauthorizes the TAA program through fiscal year 2007, and amends and adds provisions to the TAA program. The TAA Reform Act made the following changes:

- Repealed NAFTA-TAA, consolidating the program into TAA (workers certified for NAFTA-TAA under petitions received before November 4, 2002, however, will continue to receive NAFTA-TAA services for as long as their eligibility lasts);
- Expanded eligibility to more worker groups, increased existing benefits available, and provided tax credits for health insurance coverage assistance;
- Increased timeliness for benefit receipt, training, and rapid response assistance;
- Legislated specific waiver provisions;
- Established the Alternative Trade Adjustment Assistance program for older workers beginning August 6, 2003; and
- Established the Trade Adjustment Assistance for Farmers program (TAA for Farmers).¹⁸

These changes went into effect in fiscal year 2003. Table 2-1 provides a more detailed comparison of the prior and current TAA programs.

¹⁶ United States – Definitive Safeguard Measures on Imports of Certain Steel Products, WT/DS248/R, WT/DS249/R, WT/DS251/R, WT/DS252/R, WT/DS253/R, WT/DS254/R, WT/DS258/R, and WT/DS259/R, July 11, 2003.

¹⁷ United States – Definitive Safeguard Measures on Imports of Certain Steel Products, AB-2003-3, WT/DS248/AB/R, WT/DS249/AB/R, WT/DS251/AB/R, WT/DS252/AB/R, WT/DS253/AB/R, WT/DS254/AB/R, WT/DS258/AB/R, and WT/DS259/AB/R, Nov. 10, 2003.

¹⁸ U.S. Department of Labor, "Trade Adjustment Assistance Reform Act of 2002," found at Internet address http://www.doleta.gov/tradeact/2002act_index.cfm, retrieved Jan. 20, 2004.

Table 2-1
Trade Adjustment Assistance, comparison of prior and current programs

Topic	Prior TAA	Current TAA
Program consolidation	Established two separate programs	Consolidates into one TAA program; repeals NAFTA/TAA
Parties who may file	Parties which may file: <ul style="list-style-type: none"> • A group of three workers • A company official • A duly authorized representative of the worker 	Parties which may file: <ul style="list-style-type: none"> • A group of three workers • A company official • A duly authorized representative of the worker • One-stop operators and partners • State Workforce Agencies • State dislocated worker units
Location where parties file	Required filing at: <ul style="list-style-type: none"> • TAA: Department of Labor • NAFTA-TAA: State 	Requires simultaneous filing with State dislocated worker unit and Department of Labor
Determination period	Determined petition as follows: <ul style="list-style-type: none"> • TAA: 60 days from institution • NAFTA-TAA: 40 days from receipt 	Determines petitions 40 days from receipt
Eligibility: primary workers	<ul style="list-style-type: none"> • TAA & NAFTA-TAA: Covered workers affected by a decrease in sales or production and layoffs • NAFTA-TAA: Covered workers affected by imports of like products from, or shift in production to, Canada or Mexico 	Covers as previous, plus where: <ul style="list-style-type: none"> • Workers' firm has shifted production of like articles to certain countries • Increased imports
Eligibility: secondary workers-suppliers	Not covered, but was under Workforce Investment Act	Expands to secondary workers that directly supply primary firms and either: <ul style="list-style-type: none"> • Component is at least 20 percent of production, or • Loss of business with the primary firm must contribute importantly to job loss
Eligibility: secondary workers-downstream producers	Not covered	Expands to secondary workers that finish or assemble articles produced by primary firms where primary firm certified due to imports from, or shifts in production to, Canada or Mexico
Training: enrollment period	<ul style="list-style-type: none"> • TAA: No deadlines • NAFTA-TAA: Required enrollment within 16 weeks of separation or 6 weeks of certification 	Requires enrollment within 16 weeks of separation or 8 weeks of certification, and adds 45 days for extenuating circumstances with approval
Training: requirement waivers	Allowed waivers under broad and loosely construed criteria	Allows waivers under 6 specific conditions
Training: on the job training	Reimbursed company if worker is employed for at least 6 months after completion of course; does not authorize customized training	Authorizes both on the job training and customized training with no requirements
Job search allowances	Reimbursed 90 percent of costs up to \$800	Reimburses 90 percent of costs up to \$1,250
Relocation allowance	Stipend up to \$800	Stipend up to \$1,250
Income support	Provided up to 78 weeks	Provides up to 140 weeks, 130 if worker is in remedial training
Income support: training breaks	Provided continuous support if break was less than 14 days	Provides continuous support if break is less than 30 days
Wage supplement	Not provided	Alternative Trade Adjustment Assistance: Allows workers over 50 to supplement decrease in income
Health care provisions	Not provided	Creates 65 percent health insurance tax credit
Funds available	Provided \$110 million	Provides \$220 million
Adjustment Assistance for Firms	Established program, run by Department of Commerce	Adds funding of \$16 million to extend program through 2007
Adjustment Assistance for Farmers	Not provided	Authorized a new program, run by the U.S. Department of Agriculture. Entitles certified farmers to training under TAA
Performance management and accountability	Required administratively	The U.S. Department of Labor will place greater emphasis on performance reporting and outcomes

Source: U.S. Department of Labor, Employee & Training Administration, "Trade Act of 2002 Workshop," pp. 113-118, found at Internet address http://www.doleta.gov/tradeact/wpd/2002act_training.pdf, retrieved Jan. 20, 2004.

The TAA system of readjustment allowances to individual workers is administered by the U.S. Department of Labor through its Employment and Training Administration in the form of monetary benefits for direct trade readjustment allowances and service benefits that include allocations for job search, relocation, transportation subsidies, and training. TAA for Farmers, administered by the U.S. Department of Agriculture, provides technical assistance and cash benefits to eligible producers. Industrywide technical consultation, provided through programs sponsored by the U.S. Department of Commerce, is designed to restore the economic viability of U.S. industries adversely affected by import competition.¹⁹

Assistance to Workers

The U.S. Department of Labor instituted 3,561 investigations during FY 2003 (October 1, 2002 through September 30, 2003) on the basis of petitions filed for TAA. Petitioners for TAA represented a broad spectrum of manufacturing industries, including circuit boards, textiles, and paper. The FY 2003 figure represents an increase from the 2,404 TAA petitions instituted in FY 2002. The results of the TAA investigations completed in FY 2003, including those in progress from the previous fiscal year, are shown in table 2-2.

The number of completed TAA cases, including partial certifications and denied, terminated, or withdrawn petitions, increased from 2,806 cases in FY 2002 to 3,583 cases in FY 2003. As shown in table 2-2, 196,112 workers were certified in FY 2003, a decrease from the number certified in FY 2002. For workers to be certified as eligible to apply for TAA, the Secretary of Labor must determine that workers in a firm have become, or are threatened to become, totally or partially separated; that the firm's sales or production have decreased absolutely; and that increases in like or directly competitive imported products contributed importantly to the total or partial separation and to the decline in the firm's sales or production. Workers certified for TAA are provided with a certification of eligibility and may apply for TAA benefits at the nearest office of the State Employment Security Agency.

The Department of Labor awarded \$222.1 million in TAA funding to assist workers certified as eligible to receive services under the TAA program. Table 2-3 presents data on benefits and services provided under the TAA program. State allocations for FY 2003 increased to \$347.2 million from \$253.4 million in FY 2002. In addition, there was an increase in the number of workers receiving such benefits to 44,135 new recipients in FY2003 from 37,426 new recipients in FY2002.²⁰

¹⁹ Sections 251-264 of the Trade Act of 1974.

²⁰ Because of the merging of the NAFTA-TAA program into the TAA program, as well as the substantial changes included in the TAA Reform Act, FY 2003 data are not comparable to data provided in previous issues of this report. Consequently, table categories have been modified from previous report tables, and historical data are not provided in this year's report.

Table 2-2

Results of petitions filed under the trade adjustment assistance program, FY 2002 and FY 2003

Item	Number of investigations or petitions		Number of Workers	
	FY 2002	FY 2003	FY 2002	FY 2003
Completed certifications	1,634	1,874	233,162	196,112
Partial certifications	11	4	1,868	241
Petitions denied	981	1,211	94,603	82,758
Petitions terminated or withdrawn	180	494	9,065	24,438
Total	2,806	3,583	338,698	303,549

Source: Preliminary (as of March 2004) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 2-3

Benefits and services provided under the trade adjustment assistance program, FY 2002 and FY 2003

Item	Estimated number of participants	
	FY 2002	FY 2003
Trade readjustment allowance benefits		
Number of new recipients	37,426	44,135
Total allocations (million dollars)	253	347
Training, job search, and relocation services		
Number entering training	37,163	43,206
Number receiving a job search allowance	271	409
Number receiving a relocation allowance	388	713

Source: Preliminary (as of March 2004) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Trade Adjustment Assistance to Farmers²¹

The TAA Reform Act of 2002 established a new program, the TAA for Farmers, administered by the U.S. Department of Agriculture. Under the TAA for Farmers, the Department of Agriculture provides technical assistance and cash benefits to eligible producers of raw agricultural commodities when the Administrator, Foreign Agricultural Service (FAS), determines that increased imports have contributed importantly to a specific price decline over five preceding marketing years. The TAA Reform Act authorizes an appropriation of not more than \$90 million for each fiscal year 2003 through 2007 to carry out the program. The TAA for Farmers covers farmers, ranchers, fish farmers, and fishermen competing with imported aquaculture products, but does not cover the forest products industry.²² The TAA for Farmers criteria state "Producer prices during the most recent marketing year must be less than or equal to 80 percent of the national average price during the previous 5 marketing

²¹ Information obtained from the Coordinator, Trade Adjustment Assistance for Farmers, Foreign Agriculture Service, U.S. Department of Agriculture.

²² Department of Agriculture, "Trade Adjustment Assistance for Farmers," found at Internet address <http://www.fas.usda.gov/itp/taa/taaindex.htm>, retrieved Jan. 20, 2004; and Department of Agriculture, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's," found at Internet address <http://www.fas.usda.gov/itp/taa/taafaq.htm>, retrieved Jan. 20, 2004. For detailed information on regarding the TAA for Farmers, see the above referenced websites.

years [and] FAS must make a determination that increases in imports of like or competitive products "contributed importantly" to the decline in prices."²³

Provided producers satisfy certain criteria, the program provides payments and technical assistance, which may include technical publications, group seminars and presentations, and one-on-one meetings. Cash benefits per unit of production are one-half the difference between the most recent marketing year's price and 80 percent of the previous 5-year average price. To be eligible for benefits, producers must provide production records and certify that they have: met with the Extension Service; not received cash benefits under any other provisions of the Trade Act of 1974; experienced a decline in net farm income for the most recent tax year; and did not have an average Adjusted Gross Income for the 3 preceding years that exceeded \$2.5 million. Cash payments are limited to a maximum of \$10,000 in a fiscal year. In FY 2003, no cash payments were made under the program.

Assistance to Firms and Industries²⁴

The U.S. Department of Commerce's Economic Development Administration (EDA) certified 207 firms as eligible to apply for trade adjustment assistance during FY 2003. This figure represents an increase from the 170 firms certified in the previous fiscal year. To be certified as eligible to apply for trade adjustment assistance, a firm must show that increased imports of articles like, or directly competitive with, those produced by the firm contributed significantly to declines in its sales, production, or both, and to the separation, or threat of separation, of a significant portion of the firm's workers.

Following certification, a firm must prepare an adjustment proposal before it may receive technical assistance to implement its economic recovery strategy. In FY 2003, EDA approved adjustment strategies for 162 firms, an increase from 141 in FY 2002.

The EDA administers its technical assistance programs through a nationwide network of 12 Trade Adjustment Assistance Centers (TAACs). The TAACs are nonprofit, nongovernmental organizations established to help firms qualify for, and receive assistance in, adjusting to import competition. Technical services are provided to certified firms through TAAC staff and independent consultants under contract with TAACs. Typical technical services include assistance in marketing (e.g., the design of new brochures and websites), identifying appropriate management information system hardware and software, and developing and completing quality assurance programs. The funding for the TAACs from the TAA appropriation for FY 2003 totaled \$10.4 million, slightly less than the previous fiscal year.

²³ Ibid. Department of Agriculture, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's."

²⁴ Information obtained from the Planning and Development Assistance Division, Economic Development Administration, U.S. Department of Commerce.

Laws Against Unfair Trade Practices

Section 301 Investigations

Section 301 of the Trade Act of 1974 (the Trade Act) is the principal U.S. statute for addressing unfair foreign practices affecting U.S. exports of goods or services.²⁵ Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements and also may be used to respond to unreasonable, unjustifiable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition the office of the United States Trade Representatives (USTR) to investigate a foreign government policy or practice, or USTR may self-initiate an investigation.

If the investigation involves a trade agreement and consultations do not result in a settlement, section 303 of the Trade Act requires USTR to use the dispute settlement procedures that are available under the subject agreement. If the matter is not resolved by the conclusion of the investigation, section 304 of the Trade Act requires USTR to determine whether the practices in question deny U.S. rights under a trade agreement; whether they are unjustifiable, unreasonable, or discriminatory; and whether they burden or restrict U.S. commerce. If the practices are determined to violate a trade agreement or to be unjustifiable, USTR must take action. If the practices are determined to be unreasonable or discriminatory, and to burden or restrict U.S. commerce, USTR must determine whether action is appropriate and, if so, what action to take. The time period for making these determinations varies according to the type of practices alleged.

Active Cases in 2003

In 2003, the active cases under section 301 concerned the EU's meat hormone directive and intellectual property protection in Ukraine. In the meat hormone case, the United States successfully challenged in the WTO an EU law that banned imports of meat from animals that had been treated with certain hormones. The EU law effectively banned imports of U.S. beef and beef products. The WTO panel and the Appellate Body found that the ban violated the EU's WTO obligations because the EU law was not based on objective scientific evidence. The EU did not comply with the WTO ruling, so the United States sought and received authorization from the WTO to withdraw concessions on a commensurate amount of trade. Accordingly, in July 1999, the United States imposed additional 100 percent ad valorem duties on about \$117 million in imports from the EU. The additional duties have remained in effect since that time and the bilateral trade dispute remains unresolved.

USTR identified Ukraine as a priority foreign country under the special 301 provisions in 2001 due to its denial of adequate and effective protection of intellectual property

²⁵ Sections 301–309 of the Trade Act of 1974, as amended (19 U.S.C. 2411–2419).

rights (IPR) and initiated a 301 investigation.²⁶ Specifically, USTR found that Ukraine failed to address a significant level of optical media piracy that has caused substantial damage to U.S. rights-holders and disrupted markets throughout the region, and also found that Ukraine to have failed to fulfill commitments it made in the June 2000 U.S.-Ukraine Joint Action Plan to Combat Optical Media Piracy in Ukraine. In a parallel proceeding, USTR suspended Ukraine's eligibility for the GSP program due to inadequate and ineffective protection of IPR.²⁷ When bilateral consultations failed to result in an agreement that satisfactorily addressed optical media piracy, USTR issued a preliminary retaliation list under section 301.²⁸ In December 2001, USTR announced that the United States would impose 100 percent ad valorem duties on \$75 million in imports from Ukraine.²⁹ Bilateral consultations continued, but the suspension of GSP benefits and the additional duties remained in effect during 2003.

Some other active 301 investigations³⁰ are the subject of ongoing WTO dispute settlement proceedings. Table 2-4 contains a listing of active 301 cases.

Table 2-4
Active 301 cases in 2003

Docket No.	Summary and actions occurring during course of investigation
Docket No. 301-62a	<p>European Union and the Meat Hormone Directive</p> <p>In 1987, the President announced his intention to impose prohibitive duties on certain imports from the European Union in response to the adoption and implementation of the Meat Hormone Directive, which banned imports of meat produced from animals treated with growth hormones. Following a long series of bilateral consultations during the ensuing years, USTR eventually resorted to the WTO dispute settlement process. In 1997, the WTO found that the EU's ban was inconsistent with its WTO obligations. In 1999, when the EU had not implemented the WTO recommendations, the United States requested and received authorization from the WTO to retaliate against imports from the European Union. The increased duties remained in effect during 2003.</p>
Docket No. 301-121	<p>Ukraine and the Protection of Intellectual Property Rights</p> <p>In 2001, the USTR identified Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law due to its denial of adequate and effective protection of intellectual property rights (IPR). In a parallel proceeding, USTR suspended Ukraine's eligibility for the Generalized System of Preferences due to inadequate and ineffective protection of IPR. When ongoing bilateral consultations did not result in an agreement that satisfactorily addressed the optical media piracy situation in Ukraine, USTR issued a preliminary retaliation list under section 301. In December 2001, the USTR announced that the United States would impose prohibitive duties on certain imports from Ukraine. The suspension of GSP benefits and the additional duties remained in effect during 2003.</p>

Source: Compiled by USITC staff. from: USTR, Press Release 99-44, May 14, 1999, and 64 *Federal Register* 28860, May 27, 1999. USTR, Press Release 00-05, Jan. 27, 2000, and USTR, Press Release 00-14, Feb. 28, 2000. The full text of the report of the WTO dispute settlement panel is available on the WTO's website at www.wto.org. USTR, Press Release 01-86, Oct. 22, 2001.

²⁶ USTR, press release 01-15, Mar. 13, 2001; and 66 FR 18346, Apr. 6, 2001.

²⁷ 66 FR 16515, Mar. 26, 2001; USTR, press release 01-61, Aug. 7, 2001; and 66 FR 42246, Aug. 10, 2001.

²⁸ USTR, press release 01-61, Aug. 7, 2001; and 66 FR 42246, Aug. 10, 2001.

²⁹ USTR, press release 01-115, Dec. 20, 2001; 67 FR 120, Jan. 2, 2002; and USTR, press release 02-10, Jan. 23, 2002.

³⁰ USTR, 2004 Trade Policy Agenda and 2003 Annual Report, p. 30.

Special 301

The special 301 law requires that the USTR each year identify countries that deny adequate and effective protection of IPR or that deny fair and equitable market access for U.S. persons who rely on intellectual property protection.³¹ The USTR is to identify only those foreign countries (1) that have the most egregious acts, policies, or practices; (2) whose acts, policies, or practices have the greatest adverse impact on the relevant U.S. products; and (3) that are not entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of intellectual property rights.³² A country may be found to be denying adequate and effective IPR protection even if it is in full compliance with its obligations under the WTO TRIPs Agreement.³³ In addition, the special 301 law directs USTR to identify so-called priority foreign countries.

In the annual special 301 review process, USTR has adopted a policy of naming countries to the so-called watch list or the priority watch list if the countries' IPR laws and practices do not provide adequate and effective IPR protection, but the deficiencies do not warrant identification of the countries as priority foreign countries.³⁴ The priority watch list is for countries with significant IPR problems that warrant close monitoring and bilateral consultation. A country that is identified on the priority watch list may make progress and be downgraded to the watch list or removed from any listing; alternatively, a country that fails to make progress may be elevated from the watch list to the priority watch list or from the priority watch list to the list of priority foreign countries.

In the 2003 special 301 review, USTR devoted special attention to counterfeiting and piracy, with particular emphasis on the unauthorized production of optical media (e.g., CDs, VCDs, DVDs, and CD-ROMs). In addition, USTR focused on Internet piracy, implementation of the TRIPs Agreement by developing country WTO Members, full implementation of TRIPs by new WTO Members at the time of their accession, and ensuring that ministries of foreign governments use only authorized software.

In the 2003 review, USTR identified 50 countries that deny adequate and effective IPR protection.³⁵ As noted above, USTR maintained Ukraine's designation as a priority foreign country and sanctions remained in effect. Eleven countries were placed on the priority watch list and 36 countries were placed on the watch list. In addition, USTR noted that China and Paraguay continue to be subject to ongoing monitoring to ensure that each country complies with previous commitments made under a bilateral IPR agreement. USTR also announced that an out-of-cycle review would be conducted of the IPR regimes in Korea, and that it will review any progress made in Bolivia, Ecuador,

³¹ Section 182 of the Trade Act of 1974, (19 U.S.C. 2242).

³² Section 182(b)(1) of the Trade Act of 1974 (19 U.S.C. 2242 (b)(1)).

³³ Section 182(d)(4) of the Trade Act of 1974, (19 U.S.C. 2242(d)(4)).

³⁴ USTR, 2003 Annual Report, Mar. 2004, p. 215.

³⁵ USTR, press release 03-28, May 1, 2003; and 68 FR 24785, May 8, 2003. See also USTR, 2003 Special 301 Report, found at <http://www.ustr.gov/reports/2003/special301.htm>, retrieved Mar. 24, 2004.

Peru, and Venezuela. Finally, USTR reiterated in the 2003 special 301 review that, in promoting intellectual property protection, the United States is committed to working with countries to develop workable programs to prevent and treat HIV/AIDS, malaria, tuberculosis, and other epidemics within the framework of the WTO TRIPs Agreement.³⁶

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930.³⁷ The antidumping law provides relief in the form of additional duties to offset margins of dumping. Antidumping duties are imposed when (1) the U.S. Department of Commerce (the Administering Authority) has determined that imports are being, or are likely to be, sold at less than fair value (LTFV) in the United States, and (2) the Commission has determined that a U.S. industry is materially injured or threatened with material injury or that the establishment of an industry in the United States is materially retarded by reason of such imports. Most investigations are conducted on the basis of a petition filed with Commerce and the Commission by or on behalf of a U.S. industry.

In general, imports are considered to be sold at LTFV when the U.S. price (i.e., the purchase price or the exporter's sales price, as adjusted) is less than the foreign market value, which is usually the home-market price or, in certain cases, the price in a third country, or a constructed value, calculated as set out by statute.³⁸ The antidumping duty equals the difference between the U.S. price and the foreign-market value. The duty specified in an antidumping order reflects the dumping margin found by Commerce during its period of investigation. This rate of duty will be applied to subsequent imports if Commerce does not receive a request for annual reviews. If a request is received, Commerce will calculate the antidumping duties for that year for each entry.

Commerce and the Commission each conduct preliminary and final antidumping investigations in making their separate determinations.³⁹ The Commission instituted

³⁶ USTR, 2003 Special 301 Report, p. 6. See also USTR, press release 02-56, June 24, 2002, and USTR, press release 02-119, Dec. 20, 2002. For a related statement of principles, see USTR Background Paper, TRIPs and Health Emergencies, press release 01-97, Nov. 10, 2001.

³⁷ 19 U.S.C. 1673 et seq.

³⁸ 19 U.S.C. 1677b; 19 CFR part 353, subpart D.

³⁹ Upon the filing of a petition, the Commission has 45 days to make a determination of whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise subject to the investigation. This is known as the preliminary phase of the investigation. If this determination is affirmative, Commerce continues its investigation and makes preliminary and final determinations concerning whether the imported merchandise is being, or is likely to be, sold at LTFV. If Commerce reaches a final affirmative dumping determination, the Commission has 45 days to make its final injury determination. If the Commission's reasonable indication or preliminary phase determination is negative, both the Commission and Commerce terminate further investigation.

45 new antidumping investigations during 2003 and completed 31 investigations.⁴⁰ Antidumping duties were imposed as a result of affirmative determinations in 15 of those completed investigations, on products from 7 different countries. The antidumping duty orders issued in 2003 are shown in table 2-5 (in alphabetical order by country).

Table 2-5
Antidumping duty orders that became effective during 2003

Country	Product	Range of duty
		<i>Percent</i>
Canada	Hard red spring wheat	8.86
China	Barium carbonate	34.44-81.30
China	Ferrovandium	12.97-66.71
China	Lawn and garden steel fence posts	6.60-15.61
China	Malleable iron pipe fittings	7.35-111.36
China	Non-malleable cast iron pipe fittings	6.34-75.50
China	Polyvinyl alcohol	6.91-97.86
China	Refined brown aluminum oxide	135.18
China	Saccharin	249.39-329.94
Japan	Ceramic station post insulators	105.80
Japan	Polyvinyl alcohol	76.78-144.16
Korea	Polyvinyl alcohol	32.08-38.74
Russia	Silicon metal	56.11-79.42
South Africa	Ferrovandium	116.00
Vietnam	Frozen fish fillets	36.84-63.88

Source: Compiled by the Commission from *Federal Register* notices.

Details on all antidumping investigations active at the Commission during 2003 are presented in table A-1 and a list of all outstanding antidumping duty orders, including suspension agreements,⁴¹ in effect as of the end of the year is presented in table A-2.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in title VII of the Tariff Act of 1930. It provides for the levying of additional duties to offset certain foreign subsidies on products imported into the United States.⁴² In general, procedures for such

⁴⁰ Data reported here and in the following two sections ("Countervailing Duty Investigations and Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements") reflect the total number of investigations. In other Commission reports these data are grouped by product because if there are simultaneous investigations of the same product from multiple countries, the same investigative team and all of the parties participate in a single grouped proceeding, and the Commission generally produces one report and issues one opinion containing its separate determinations for each country investigation.

⁴¹ An antidumping investigation may be suspended if exporters accounting for substantially all of the imports of the merchandise under investigation agree either to eliminate the dumping or to cease exports of the merchandise to the United States within 6 months. In extraordinary circumstances, an investigation may be suspended if exporters agree to revise prices to eliminate completely the injurious effect of exports of the subject merchandise to the United States. See 19 U.S.C. 1673c.

⁴² A subsidy is defined as a bounty or grant bestowed directly or indirectly by any country, dependency, colony, province, or other political subdivision on the manufacture, production, or export of products. See 19 U.S.C. 1677(5) and 1677-1(a).

investigations are similar to those under the antidumping law. Petitions are filed with Commerce (the Administering Authority) and with the Commission. Before a countervailing duty order can be issued, Commerce must find a countervailable subsidy and the Commission must make an affirmative determination of material injury, threat of material injury, or material retardation by reason of the subsidized imports.

The Commission instituted six new countervailing duty investigations during 2003 and completed seven investigations. Countervailing duties were imposed as a result of affirmative determinations in two of those completed investigations on products from two different countries. The countervailing duty orders issued in 2003 are shown in table 2-6 (in alphabetical order by country). Details on all countervailing duty investigations active at the Commission during 2003 are presented in table A-3 and a list of all outstanding countervailing duty orders, including suspension agreements,⁴³ in effect as of the end of the year is presented in table A-4.

Table 2-6
Countervailing duty orders that became effective during 2003

Country	Product	Range of duty
		<i>Percent</i>
Canada	Hard red spring wheat	5.29
Korea	DRAMs and DRAM modules	44.29

Source: Compiled by the Commission from *Federal Register* notices.

Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751 of the Tariff Act of 1930 requires⁴⁴ Commerce, if requested, to conduct annual reviews of outstanding antidumping and countervailing duty orders to determine the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751 also authorizes Commerce and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. In these circumstances, the party seeking revocation or modification of an antidumping or countervailing duty order or suspension agreement has the burden of persuading Commerce and the Commission that circumstances have changed

⁴³ A countervailing duty investigation may be suspended if the government of the subsidizing country or exporters accounting for substantially all of the imports of the merchandise under investigation agree to eliminate the subsidy, to completely offset the net subsidy, or to cease exports of the merchandise to the United States within 6 months. In extraordinary circumstances, an investigation may be suspended if the government of the subsidizing country or exporters agree to eliminate completely the injurious effect of exports of the subject merchandise to the United States. A suspended investigation is generally reinstated if subsidization recurs. See 19 U.S.C. 1671c.

⁴⁴ 19 U.S.C. 1675.

sufficiently to warrant review and revocation. Based on either of these reviews, Commerce may revoke a countervailing duty or antidumping order in whole or in part or terminate or resume a suspended investigation. The Commission conducted no changed circumstances investigations during 2003.

The Uruguay Round Agreements Act amended section 751 of the Tariff Act of 1930 to require both Commerce and the Commission to conduct sunset reviews of all outstanding orders and suspension agreements 5 years after their publication to determine whether revocation of an order or suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.⁴⁵ During 2003, Commerce and the Commission instituted 12 sunset reviews of existing antidumping and countervailing duty orders⁴⁶ and the Commission completed 6 reviews, resulting in 5 antidumping orders or suspension agreements being continued for 5 additional years. Table A-5 shows completed reviews of antidumping orders or suspension agreements in 2003.⁴⁷

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), authorizes the Commission, on the basis of a complaint or on its own initiative, to conduct investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work, for which a domestic industry exists or is in the process of being established.⁴⁸

If the Commission determines that a violation exists, it can issue an order excluding the subject imports from entry into the United States, or order the violating parties to cease

⁴⁵ 19 U.S.C. 1675c.

⁴⁶ One of these reviews was subsequently terminated and the outstanding order/suspension agreement revoked because a domestic industry did not request that it be continued. The revoked antidumping duty order was on fresh Atlantic salmon from Chile.

⁴⁷ For detailed information on reviews instituted, as well as Commission action in all reviews, see the Commission's Internet website section entitled "Five-year "Sunset" Reviews" at <http://www.usitc.gov/webinv.htm>.

⁴⁸ Also unlawful under section 337 are other unfair methods of competition and unfair acts in the importation of articles into the United States, or in the sale of imported articles, the threat or effect of which is to destroy or substantially injure a domestic industry, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States. Examples of these other unfair acts are misappropriation of trade secrets, common law trademark infringement, trade dress infringement, false advertising, and false designation of origin. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping or countervailing duty provisions, not under section 337.

and desist from engaging in the unlawful practices.⁴⁹ The President may disapprove a Commission order within 60 days of its issuance for “policy reasons.”

During 2003, there were 37 active section 337 investigations and ancillary proceedings, 19 of which were instituted in 2003. Of these 19, 18 were new section 337 investigations and one was a new ancillary proceeding. Further, with respect to the 19 institutions in 2003, 15 involved allegations of patent infringement and four involved allegations of trademark and/or trade dress infringement. Six investigations were terminated on the basis of settlement agreements and two investigations were terminated based on consent orders. The Commission completed a total of 18 investigations and ancillary proceedings under section 337 in 2003, including one combined enforcement and advisory opinion proceeding relating to a previously concluded investigation.

As in recent years, the section 337 caseload was highlighted by investigations involving complex technologies, particularly in the computer and telecommunications fields. Significant among these were investigations involving high-speed wireless local area network systems; hardware and software systems for storing, managing, and protecting collections of data; recordable and rewritable compact discs; various memory chips and related integrated circuit devices; and processes for semiconductor fabrication. Several other investigations involved sophisticated technologies relating to items such as antibiotics, machines used for manufacturing microelectronic devices, apparatus used to convey and sort packages, and bearings used in industrial applications. Other section 337 investigations active during the year concerned video game systems, disposable cameras, alkaline batteries, home vacuum packaging machines, insect traps, and electrical safety devices used as wall outlets in bathrooms and kitchens.

Three exclusion orders and four cease-and-desist orders were issued during 2003. Several investigations were terminated by the Commission without determining whether section 337 had been violated. Generally, these terminations were based on settlement agreements, consent orders, or withdrawal of complaints. At the close of 2003, 19 were section 337 investigations and related proceedings were pending at the Commission. Commission activities involving section 337 actions in 2003 are presented in appendix table A-6.

As of December 31, 2003, a total of 51 outstanding exclusion orders based on violations of section 337 were in effect, of which 25 involve unexpired patents. Appendix table A-7 lists the investigations in which these exclusion orders were issued.

⁴⁹ Section 337 proceedings at the Commission are conducted in part before an administrative law judge in accordance with the Administrative Procedure Act, 5 U.S.C. 551 et seq. The administrative law judge conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission. The Commission may adopt the determination by deciding not to review it, or it may choose to review it. If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by the President, and whether public interest considerations preclude the issuance of a remedy.

Other Import Administration Laws and Programs

Tariff Preference Programs

Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for certain products that are imported from designated developing countries and territories. The program is authorized by Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 et seq.). It has been enhanced to allow duty-free treatment for certain products when imported only from countries designated as least-developed beneficiary developing countries (LDBDC). Further, Public Law 106-200, enacted May 18, 2000, in Title I (African Growth and Opportunity Act) (AGOA) amended Title V to authorize the President to provide duty-free treatment for certain articles when imported from countries designated as beneficiary sub-Saharan African countries through September 30, 2008. The GSP program expired on September 30, 2001. However, it was extended retroactively from October 1, 2001 through December 31, 2006 by legislation (Public Law 107-210) signed by the President on August 6, 2002. By offering unilateral tariff preferences, the GSP program reflects the U.S. commitment to three broad goals: (1) to promote economic development in developing and transitioning economies through increased trade, rather than foreign aid; (2) to reinforce U.S. trade policy objectives by encouraging beneficiaries to open their markets, to comply more fully with international trading rules, and to assume greater responsibility for the international trading system; and (3) to help maintain U.S. international competitiveness by lowering costs for U.S. business and lowering prices for American consumers.

Under the program the President designates countries as “beneficiary developing countries.” The President cannot designate certain developed countries named in the statute and also may not designate countries that, inter alia, afford preferential treatment to the products of a developed country, other than the United States, that has, or is likely to have, a significant adverse effect on U.S. commerce or countries that do not afford adequate protection to intellectual property rights or afford internationally recognized worker rights to their workers.⁵⁰ The President also designates the articles that are eligible for duty-free treatment, but may not designate articles that he determines to be “import-sensitive” in the context of the GSP. Certain articles (for example, footwear, textiles, and apparel) are designated by statute as “import-sensitive” by statute and thus not eligible for duty-free treatment under the GSP program.⁵¹ The statute also provides for graduation of countries from the program when they become “high-income” countries and for removal of eligibility of articles, or articles from certain countries, under certain conditions.

⁵⁰ 19 U.S.C. 2462(b).

⁵¹ 19 U.S.C. 2463.

In Proclamation 7637 of January 10, 2003 (68 FR 1951), the President proclaimed certain modifications of the duty-free treatment under the GSP. The modifications provided for (1) the designation of Afghanistan as a GSP and LDBDC beneficiary country; (2) the withdrawal of the application of duty-free treatment under the GSP accorded to a certain article from Chile; and (3) duty-free treatment for a certain article when imported from any beneficiary sub-Saharan African country. In Proclamation 7689 of June 30, 2003 (68 FR 39795), the President proclaimed certain modifications to the GSP implementing decisions made in regard to the 2001 Special Three Country Review and 2002 Annual GSP Review. The modifications provided for (1) the granting of de minimis waivers for certain articles and restoration to preferential treatment of certain eligible articles from certain beneficiary countries; (2) the exclusion of specified articles from certain beneficiary countries from eligibility for preferential treatment under GSP where shipments exceeded the competitive need limits for calendar year 2002; (3) the granting of waivers of the competitive need limits for 12 Harmonized Tariff Schedule of the United States (HTS) subheadings for certain countries; and (4) designate certain articles as eligible articles under the GSP only for least-developed beneficiary developing countries.⁵²

Each year (unless otherwise specified in a Federal Register notice), USTR conducts a review process in which products can be added to, or removed from, the GSP program or in which a beneficiary's compliance with the eligibility requirements can be reviewed. On April 13, 2001, USTR in a Federal Register notice (66 FR 19278) announced the invitation for the submission of petitions on a 2001 Annual GSP Product and Country Eligibility Practices Review, but stated that if the GSP program expired on September 30, 2001, then the 2001 GSP Annual Review would be conducted on a schedule to be announced if and when the program was reauthorized. On November 1, 2002, USTR in a Federal Register notice (67 FR 69699) announced the initiation of the 2002 Annual GSP Product and Country Practices Review and also the date by which petitions for modifications of the GSP were to be submitted, that petitions submitted for the 2001 GSP Annual Review would be merged to the extent practicable with the 2002 GSP Annual Review, and that the notification of the petitions have been

⁵² (2) Competitive need limitation.—

(A) Basis for withdrawal of duty-free treatment.—

(i) In general.— Except as provided in clause (ii) and subject to subsection (d), whenever the President determines that a beneficiary developing country has exported (directly or indirectly) to the United States during any calendar year beginning after December 31, 1995—

(I) a quantity of an eligible article having an appraised value in excess of the applicable amount for the calendar year, or

(II) a quantity of an eligible article equal to or exceeding 50 percent of the appraised value of total imports of that article into the United States during any calendar year, the President shall, not later than July 1 of the next calendar year, terminate the duty-free treatment for that article from that beneficiary developing country

(ii) Annual adjustment of applicable amount.— For purposes of applying clause (I), the applicable amount is—

(I) for 1996, \$75,000,000, and

(II) for each calendar year thereafter, an amount equal to the applicable amount in effect for the preceding calendar year plus \$5,000,000.”

accepted, and other relevant dates, including the review schedule, would be issued in a subsequent Federal Register notice. On March 11, 2003, USTR in a Federal Register notice (68 FR 11607) announced the combined product petitions from both 2001 and 2002 that were accepted for review in the 2002 GSP Annual review. The USTR requested in a letter that the Commission provide advice concerning possible modifications to the GSP for the products in the 2002 Annual GSP Review.

Several other actions were taken by USTR under the GSP in 2003. On July 3, 2003, USTR in a Federal Register notice (68 FR 40012) announced the results of the 2002 Annual Products Review, 2001 Special Three Country Review, GSP-AGOA 2001 Review, and previously deferred product decisions. On July 16, 2003, USTR in a Federal Register notice (68 FR 42156) announced the extension of the deadline for the submissions of petitions for the 2003 Annual GSP Product and Country Eligibility Practices Review to September 3, 2003. Also on July 16, 2003, USTR in a Federal Register notice (68 FR 42157) announced the initiation of a review to consider the designation of Algeria as a beneficiary developing country under the GSP and the solicitation of public comments. And on September 3, 2003, USTR in a Federal Register notice (68 FR 52437) announced the 2001 and 2002 country practice petitions that were accepted for review and set forth the schedule for comment and public hearings on accepted petitions and on other ongoing country practice reviews.

There were \$21.3 billion in duty-free imports entered under the GSP program in 2003, accounting for more than 11.9 percent of total U.S. imports from GSP beneficiaries and 1.7 percent of total U.S. imports (table 2-7). Angola was the leading GSP beneficiary in 2003, followed by Thailand, India, Brazil, and Indonesia (table 2-8). Appendix table A-8 shows the top 20 GSP products or product categories in 2003, and table A-9 shows the overall sectoral distribution of GSP benefits.

African Growth and Opportunity Act

The Trade and Development Act of 2000 provides expanded trade benefits for 48 eligible sub-Saharan African (SSA) countries under Title I, the African Growth and Opportunity Act (AGOA).⁵³ AGOA amends the GSP program, described above, and authorizes the President to provide duty-free and quota-free treatment for certain products imported from SSA, if it is determined that these products are not import-sensitive in the context of imports from these countries. Although the GSP (including LDBDC) in 2003 covers about 5,300 items, AGOA (including GSP) applies to more than 5,500 items. AGOA also exempts SSA beneficiaries from GSP competitive need limits. The legislation provides for the graduation of countries from the program when they become high-income countries and for the removal of eligibility of items, or items from certain countries, under certain conditions. The provisions are scheduled to remain in effect until September 30, 2008. Section 3108 of

⁵³ Trade and Development Act of 2000, Public Law 106-200, Title I, May 18, 2000, 114 Stat. 252.

Table 2-7
U.S. imports for consumption from GSP beneficiaries and the world, 2003
(Million dollars)

Item	All GSP beneficiaries	World
Total	177,848	1,245,113
Total GSP-eligible products	30,898	563,994
Total GSP (non-LDBDC) eligible	26,004	274,022
GSP-LDBDC eligible	4,895	289,972
Total of Duty Free	21,276	21,276
Duty-free under non-LDBDC GSP	16,510	16,510
Duty-free under GSP-LDBDC	4,766	4,766
Total of GSP eligible products not benefitting from GSP duty-free treatment	9,622	542,718
GSP Program exclusions	4,528	4,528
All other	5,095	538,190
Noneligible products imports	146,950	681,118

Note.—Customs-value basis; excludes imports from the Virgin Islands.

Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP. Non-LDBDC eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbols "A" or "A*" in parentheses (the symbol "A" indicates that all beneficiary countries are eligible for duty-free treatment with respect to all articles provided for in the designated provisions and the symbol "A*" indicates that certain beneficiary countries, specified in general note 4(d) of the HTS, are not eligible for duty-free treatment with respect to any article provided for in the designated provision). Least-developed beneficiary developing countries (LDBDC) eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbol "A+" in parentheses (the symbol "A+" indicates that all least-developed beneficiary developing countries (LDBDC) (and only LDBDCs) are eligible for duty-free treatment with respect to all articles provided for in the designated provisions). For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be eligible for GSP treatment do not always and necessarily receive duty-free entry under the GSP. Such eligible imports may not receive duty-free treatment under GSP for at least five types of reasons: (1) the imports fail to claim GSP benefits affirmatively; (2) the goods are from a GSP beneficiary that lost GSP benefits on that product for exceeding the so-called competitive need limits; (3) the goods are from a GSP beneficiary country that lost GSP benefits on that product because of a petition to remove that country from GSP for that product or because of some other action by the President or USTR; (4) the GSP beneficiary country may claim duty-free treatment under some other program or provision of the HTS; and (5) the good fails to meet the rule of origin or direct shipment requirement of the GSP statute.

Source: Compiled from official statistics of the U.S. Department of Commerce.

the Trade Act of 2002 included many enhancements to the original AGOA provisions⁵⁴ and expanded preferential access for apparel imports from SSA beneficiaries.⁵⁵

AGOA requires the President to take into account specific criteria before an SSA country may be designated for AGOA benefits. Those criteria include an annual review to determine whether they are making continued progress toward establishing a market-based economy, the rule of law and political pluralism, free trade, and

⁵⁴ The modifications collectively are referred to as AGOA II. In this report, the term AGOA refers to both the original and the enhanced AGOA provisions.

⁵⁵ AGOA textile and apparel benefits are described in more detail later in this chapter.

Table 2-8
U.S. imports for consumption and imports under GSP from leading
beneficiaries and total, 2003

(Million dollars)

Rank	Beneficiary	Total Imports	GSP eligible	Duty Free
1	Angola	4,005	3,937	3,883
2	Thailand	15,071	3,500	2,702
3	India	13,025	3,238	2,646
4	Brazil	17,547	3,892	2,490
5	Indonesia	9,449	1,935	1,347
6	Philippines	10,046	1,268	894
7	Eq. Guinea	864	774	764
8	Turkey	3,776	848	723
9	South Africa	4,888	723	670
10	Venezuela	14,322	628	619
11	Chile	3,979	1,125	524
12	Argentina	3,081	582	451
13	Russia	8,261	495	430
14	Hungary	2,697	775	405
15	Poland	1,323	592	374
	Subtotal	112,332	24,312	18,921
	Total, all other	1,132,780	6,587	2,355
	Total	1,245,113	30,898	21,276

Note.—Figures do not include Virgin Island imports.

Source: Compiled from official statistics of the U.S. Department of Commerce.

economic policies that will reduce poverty and protect workers rights.⁵⁶ Additionally, a country (1) cannot engage in activities that undermine U.S. national security or foreign policy interests, (2) may not be involved in gross violations of internationally recognized human rights, (3) cannot provide support for acts of international terrorism, and (4) must have implemented commitments to eliminate the worst forms of child labor.

All 48 SSA countries are potentially eligible for AGOA benefits. A total of 35 SSA countries had been designated by the President as eligible for AGOA benefits—excluding AGOA textile and apparel benefits—as of December 31, 2001.⁵⁷ Côte d'Ivoire was designated as the 36th eligible country on May 16, 2002. On December 31, 2002, the President designated 38 countries as AGOA-eligible under the annual review, adding The Gambia and the Democratic Republic of Congo to the

⁵⁶ USTR, 2003 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act: The Third of Eight Annual Reports, May 2003, found at http://www.agoa.gov/resources/annual_3.pdf, retrieved July 3, 2003.

⁵⁷ The 35 countries were: Benin, Botswana, Cameroon, Cape Verde, Central African Republic, Chad, Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomè and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

list of 36 countries already designated as eligible.⁵⁸ Of the 38 SSA countries designated as eligible for AGOA benefits, 24 have met the additional requirements to qualify for the AGOA textile and apparel trade benefits as of May 1, 2004.⁵⁹ In addition, all but two of the 24 countries (Mauritius and South Africa) are eligible for lesser-developed beneficiary country (LDBC) benefits, allowing producers in these countries to use third-country fabric—fabrics other than of U.S. or SSA origin—in qualifying apparel.⁶⁰

On December 30, 2003, President Bush approved the continued designation of 36 sub-Saharan countries as eligible for tariff preferences under AGOA.⁶¹ The President further determined that Angola should be designated as an AGOA beneficiary country. Two countries, Eritrea and the Central African Republic, did not meet the AGOA eligibility requirements and were removed from the list of eligible countries.⁶² Twenty-four beneficiary countries were further designated to be eligible for the apparel benefits under AGOA, benefits that are not automatic.⁶³

In 2003, U.S. exports to SSA reached \$6.7 billion. This represented a 13.1-percent increase from 2002. The leading U.S. export markets in SSA were South Africa (40 percent of U.S. exports to SSA), Nigeria (15 percent), Angola (7 percent), Ethiopia (6 percent), Equatorial Guinea (5 percent), and Ghana (5 percent). Major export items included oil and gas exploration machinery, wheat and meslin, aircraft and parts, motor vehicles, computer parts and accessories, and worn clothing. U.S. exports to Ethiopia, Equatorial Guinea, and Eritrea increased by 578, 212, or 203 percent, respectively. U.S. imports from SSA during 2003 reached \$25.5 billion, about 2 percent of U.S. merchandise imports worldwide, an increase of 40 percent from the \$18.2 billion reached during 2002. The leading SSA import sources were Nigeria (40 percent), South Africa (19 percent), Angola (16 percent), and Gabon (8 percent).

⁵⁸ White House, "Statement by the Deputy Press Secretary," found at <http://www.whitehouse.gov/news/releases/2003/01/20030104-1.html>, retrieved Jan. 16, 2003.

⁵⁹ The 19 countries are: Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Six countries—Cameroon, Cape Verde, Ghana, Mozambique, Senegal, and Tanzania became eligible for textile and apparel benefits under AGOA in 2002. Botswana and Namibia do not meet the definition of "lesser developed" countries, but were added to the list by the Trade Act of 2002. Rwanda, Mali, Niger and Cote d'Ivoire qualified for such benefits in 2003. Benin and Sierra Leone qualified for such benefits in early 2004.

⁶⁰ AGOA textile and apparel benefits are described in more detail later in this chapter.

⁶¹ The 36 countries are Benin, Botswana, Cameroon, Cape Verde, Chad, Republic of the Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

⁶² The White House, "To Take Certain Actions Under the African Growth and Opportunity Act, and for Other Purposes," found at <http://www.agoa.gov>.

⁶³ The 24 SSA countries are Benin, Botswana, Cameroon, Cape Verde, Côte d'Ivoire, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

AGOA helped spur increases in imports from sub-Saharan Africa. In 2003, AGOA imports (including GSP) totaled nearly \$18 billion, accounting for more than two-thirds of total U.S. imports from the region.⁶⁴ The top three import items from the SSA region under AGOA were crude petroleum oil, and passenger motor vehicles. Although energy-related products continued to dominate U.S. imports from SSA, imports of apparel, as well as transportation equipment have increased significantly due to AGOA. Non-petroleum AGOA imports totaled \$2.9 billion in 2003, an increase of 32 percent from 2002. Leading non-petroleum import items under AGOA are presented in table A-10.⁶⁵ The top seven AGOA beneficiaries in 2003 were in terms of non-petroleum imports Nigeria, South Africa, Angola, Gabon, Côte d'Ivoire, Congo (ROC), and Lesotho. AGOA imports from Namibia, Congo (ROC), and Nigeria increased by 2,623,220; and 73 percent, respectively (table A-11).

Andean Trade Preference Act

In 2003, articles from Bolivia, Colombia, Ecuador, and Peru entering the United States free of duty under the Andean Trade Preference Act (ATPA) accounted for 50 percent of the total U.S. imports from those countries. ATPA was enacted in 1991 to promote broad-based economic development and viable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market.⁶⁶ ATPA expired on December 4, 2001, but was renewed retroactively to the expiration date on August 6, 2002, under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), part of the Trade Act of 2002.⁶⁷ ATPA, as amended by the ATPDEA, is scheduled to expire on December 31, 2006, the targeted effective date of the Free Trade Agreement of the Americas (FTAA).

A wide range of Andean products are eligible for duty-free entry under ATPA. ATPDEA amended ATPA to provide duty-free treatment for certain products previously excluded from ATPA, including certain textiles and apparel, footwear, petroleum and petroleum derivatives, watches and watch parts assembled from parts originating in countries not eligible for normal trade relations (NTR) rates of duty, and certain tuna packaged in foil or other flexible airtight packages (not cans). In addition, certain products previously eligible for reduced-duty treatment are now eligible for duty-free entry under ATPA, including certain handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel. Products that continue to be excluded from ATPA preferential treatment include textile and apparel articles not otherwise eligible for preferential treatment under ATPDEA, and certain agricultural products. Provisions related to textiles and apparel are

⁶⁴ For additional information on AGOA see Selamawit Legesse and Laurie-Ann Agama, "Trade Under AGOA Continues to Expand," USITC, International Economic Review, USITC publication 3675, Jan.-Feb. 2004.

⁶⁵ For more information about U.S. trade and investment with sub-Saharan Africa, see USITC, U.S. Trade and Investment with Sub-Saharan Africa, Inv. No. 332-415, publication 3650, Dec. 2003.

⁶⁶ For a more detailed description of ATPA, including country and product eligibility, see USITC, The Impact of the Andean Trade Preference Act, Ninth Report 2002, publication 3637, Sept. 2003.

⁶⁷ Pub. L. 107-210, Title XXXI.

discussed in more detail later in this chapter. With the exception of tuna in foil or flexible airtight packages, ATPDEA did not grant new benefits to agricultural products. Thus, canned tuna, rum and tafia, and above-quota imports of certain agricultural products subject to tariff rate quotas (primarily sugar, beef, and dairy products), continue to be excluded from the program.

The four ATPA beneficiaries are not automatically eligible for ATPDEA preferences. ATPDEA authorizes the President to designate any ATPA beneficiary as an ATPDEA beneficiary provided that the President determines that the country has satisfied certain requirements, including the provision of protection of intellectual property rights and internationally recognized worker rights. On October 31, 2002, the President designated all four ATPA beneficiaries as ATPDEA beneficiaries.⁶⁸

U.S. imports from ATPA countries increased 21 percent to \$11.6 billion in 2003 from \$9.6 billion in 2002 (table 2-9). U.S. imports under ATPA in 2003 were valued at \$5.8 billion, of which 72 percent, or \$4.2 billion, were imports under ATPDEA. U.S. imports under the original ATPA (ATPA excluding ATPDEA) accounted for the remaining 28 percent, or \$1.6 billion. It is difficult to compare U.S. imports under ATPA in 2003 with such imports in 2002 for two major reasons: (1) the ATPA program was not in effect for over 7 months of 2002 and (2) with the implementation of ATPDEA on October 31, 2002, the year 2003 marked the first year in which full-year ATPDEA data were available. Thus, U.S. imports under ATPA, including U.S. imports under ATPA from each of the beneficiary countries (appendix table A-12) and of all leading products (appendix table A-13) increased substantially in 2003 compared with 2002.

Table 2-9
U.S. imports for consumption from ATPA countries, 2001-03

Item	2001	2002	2003
Total imports from ATPA countries (1,000 dollars)	9,568,661	9,611,482	11,639,464
Total under ATPA (1,000 dollars)	1,674,607	1,000,816	5,836,032
Imports under ATPDEA	0	217,774	4,211,384
Total under ATPA, excluding ATPDEA (1,000 dollars)	1,674,607	783,042	1,624,648
Total under ATPA as a percent of total	18	10	50

Source: Compiled from official statistics of the U.S. Department of Commerce.

Colombia remained the largest source of U.S. imports under ATPA in 2003. However, Ecuador displaced Peru as the second largest source of imports under ATPA in 2003 primarily as a result of the eligibility of petroleum products under ATPDEA. Of the top 20 U.S. imports under ATPA, four of the items were petroleum products, which accounted for 58 percent of imports under ATPA in 2003. Other leading imports among the top five included copper cathodes, which ranked third, and fresh cut roses, which ranked fifth.

⁶⁸ "Presidential Proclamation 7616—To Implement the Andean Trade Promotion and Drug Eradication Act," 67 FR 67283-67291, Oct. 31, 2002.

Caribbean Basin Economic Recovery Act

In 2003, articles from 24 countries and territories in the Caribbean Basin and Central America entering the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) accounted for 43 percent of total U.S. imports from those countries.⁶⁹ CBERA has been operative since January 1, 1984. The act, as amended, has no statutory expiration date.⁷⁰ CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).⁷¹ President Reagan launched CBI in 1982 to promote export-led economic growth and economic diversification in these countries.⁷²

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted on May 18, 2000, expanded the coverage of preferential tariff treatment for several articles previously excluded under the original CBERA. Notably, the list of newly qualifying articles included certain apparel, the assembly of which is an important Caribbean industry.⁷³ The CBTPA extended NAFTA-equivalent treatment (rates of duty equivalent to those accorded to goods of Mexico, under the same rules of origin applicable under NAFTA) to a number of other products previously excluded from CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts.⁷⁴

Table 2-10 shows U.S. imports under the expanded CBERA during 2001-2003 – the first 3-year period it has been in effect. During 2001, the first full year of the expanded

Table 2-10
U.S. imports for consumption from CBERA countries, 2001-03

Item	2001	2002	2003
Total imports from CBERA countries (1,000 dollars)	20,678,868	21,254,828	24,499,559
Total under CBTPA (1000 dollars)	5,592,870	7,078,010	7,462,064
Total under CBERA excluding CAPTA (1,000 dollars)	2,706,287	2,918,396	2,965,205
Total under CBERA includes CBTPA (1,000 dollars)	8,299,157	9,996,406	10,429,629
Percent of total under CBERA includes CBTPA . .	40	47	43

Source: Compiled from official statistics of the U.S. Department of Commerce.

⁶⁹ The 24 countries designated for CBERA benefits are listed in table A-15.

⁷⁰ See Public Law 98-67, Title II, 97 Stat. 384, 19 U.S.C. 2701 et seq. Relatively minor amendments were made to CBERA by Public Laws 98-573, 99-514, 99-570, and 100-418. CBERA was significantly expanded by the Caribbean Basin Economic Recovery Expansion Act of 1990, Public Law 101-382, Title II, 104 Stat. 629, 19 U.S.C. 2101 note.

⁷¹ For a more detailed description of the CBERA, including country and product eligibility, see USITC, Caribbean Basin Economic Recovery Act: Impact on the United States, Fourteenth Report, 1998, USITC publication 3234, Sept. 1999.

⁷² President "Address Before the Permanent Council of the Organization of American States," Weekly Compilation of Presidential Documents, Mar. 1, 1982, #217-223.

⁷³ For CBTPA provisions related to textiles and apparel, see "Textile and Apparel Related Legislation" later in this chapter.

⁷⁴ Only watches assembled from parts originating in countries that are not eligible for NTR tariff treatment were ineligible for duty-free treatment under CBERA.

CBERA,⁷⁵ imports under the program tripled from the prior year to \$8.3 billion. Imports continued to grow to \$10.0 billion in 2002, and increased again to \$10.4 billion in 2003.

Appendix table A-14 shows the leading 25 imports entering under CBERA in 2003. Apparel products dominated the list. Fifteen products were knitted and not knitted apparel, three products were petroleum derivatives, and the remaining seven products were original CBERA items that had qualified for benefits under the program before the advent of CBTPA. They included methanol, cigars, fresh fruit, raw sugar, and automatic circuit breakers. Appendix tables A-14 and A-15 show imports under the program by country.

U.S. Textile and Apparel Trade Program

Uruguay Round Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing (ATC) came into force with the WTO Uruguay Round Agreements in 1995 and called for the gradual elimination of quotas established by the United States, Canada, Norway, and the European Union (EU) under the 1974 Multifiber Arrangement (MFA). The ATC requires countries to eliminate quotas and otherwise “integrate” textiles and apparel into the General Agreement on Tariffs and Trade (GATT) in four stages over a 10-year transition period ending on January 1, 2005.⁷⁶ As shown in table 2-11, the major importing countries integrated a total of 51 percent of their textile and apparel trade in the first three stages (based on their 1990 import volumes), and are scheduled to integrate the remainder on January 1, 2005.⁷⁷ For quotas that were not eliminated in one of the first three stages of integration, the ATC required the importing countries to increase the base annual growth rates applicable to each such quota, specified in the bilateral MFA agreements in place in 1994, by 16 percent in 1995, another 25 percent in 1998, and another 27 percent in 2002 (the “growth-on-growth” provision).⁷⁸

⁷⁵ Imports under CBERA as enhanced by CBTPA had already begun to enter the United States in December 2000.

⁷⁶ The ATC integration process requires importing countries to bring textile and apparel articles under GATT discipline, eliminate any quotas on such articles, and not establish new quotas on the integrated articles, except as provided under normal GATT rules.

⁷⁷ Trade groups in the United States, and 35 other countries have signed the “Istanbul Declaration” calling for an extension of the quotas beyond January 1, 2005, partly because of concern over China’s growing share of world textile markets. See American Manufacturing Trade Action Coalition (AMTAC), “Istanbul Declaration,” found at <http://www.amtacdc.com>, retrieved May 7, 2004.

⁷⁸ The quota growth rates vary by country and article, but ranged from less than 1 percent to as high as 6 percent or 7 percent. Assuming a 6-percent base rate for a major supplier, the annual quota growth rate would be 6.96 percent (6 multiplied by 1.16) during 1995-97, 8.7 percent during 1998-2001, and 11.05 percent during 2002-04.

Table 2-11
Agreement on textiles and clothing: Stages, share of integrated trade, and increase in quota growth rates

Stage	Share of integrated trade	Increase in quota growth rate ¹
1 (January 1, 1995 - December 31, 1997)	16	16
2 (January 1, 1998 - December 31, 2001)	17	25
3 (January 1, 2002 - December 31, 2004)	18	27
4 (January 1, 2005 - Full integration)	49	(²)

¹ The acceleration of quota growth was advanced by one stage for "small suppliers" (supplying countries accounting for 1.2 percent or less of an importing country's total quotas as of December 31, 1991).

² Not applicable.

Source: Agreement on Textiles and Clothing, Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations.

The ATC required importing countries to integrate articles from each of four groups of products (tops and yarns, fabrics, made-up textile articles, and apparel); however, it provided flexibility in the share that each group represented in each stage of integration. The United States, Canada, and the EU have deferred integration of the most sensitive articles until the end of the 10-year transition period.⁷⁹

Under the U.S. integration schedule, none of the articles integrated in the first stage was under quota, and most of the articles integrated in the second and third stages either were not under quota or had low quota usage (table 2-11). As such, apparel articles scheduled to be integrated at the end of the transition period represented 87 percent of U.S. apparel imports by quantity in 2002.⁸⁰

U.S. Quota Activity

The United States in 2003 had quotas on textiles and apparel from 46 countries, which accounted for 79 percent of U.S. imports of such goods by value (table 2-12). As required by the ATC, the United States is scheduled to eliminate all its remaining quotas on such goods from 38 WTO members on January 1, 2005.⁸¹ On January 1, 2005, the United States will eliminate all such remaining quotas for those WTO members. Quotas for Mexico were eliminated January 1, 2004 as required under the North American Free Trade Agreement (NAFTA), and for Singapore on Jan. 1, 2004, as required under the new U.S.-Singapore Free Trade Agreement (see below for more detail). The United States imposed a ban on imports from Burma (a WTO country that

⁷⁹ The United States deferred integration of the most sensitive textile and apparel articles until the end of the 10-year transition period, as required by the U.S. Statement of Administrative Action accompanying the Uruguay Round implementing legislation. See U.S. House of Representatives, "Statement of Administrative Action," The Uruguay Round Trade Agreements, Texts of Agreements Implementing Bill, Supporting Statements, Message from the President of the United States, Sept. 27, 1994, House Doc. 103-316, vol. 1, p. 115.

⁸⁰ Apparel accounted for 79 percent of the total value of U.S. textile and apparel imports covered by the former MFA in 2002 and 2003 (based on official statistics of the U.S. Department of Commerce).

⁸¹ The 38 WTO countries include Nepal, which became the 147th member of the WTO on Apr. 23, 2004.

Table 2-12

Textiles and apparel: U.S. imports from trading partners with which the United States had quotas in 2003

(Million dollars)

Country	Imports
WTO members subject to the ATC:	
Bahrain	188
Bangladesh	1,939
Brazil	406
Bulgaria	181
Burma ¹	237
China	11,609
Colombia	539
Costa Rica	594
Czech Republic	23
Dominican Republic	2,128
Egypt	535
El Salvador	1,758
Fiji	80
Guatemala	1,773
Hong Kong	3,818
Hungary	54
India	3,212
Indonesia	2,376
Jamaica	105
Korea, Republic of	2,568
Kuwait	35
Macau	1,282
Macedonia	42
Malaysia	738
Nepal ²	155
Oman	132
Pakistan	2,215
Philippines	2,040
Poland	65
Qatar	85
Romania	114
Singapore ³	271
Slovak Republic	12
Sri Lanka	1,493
Taiwan	2,185
Thailand	2,072
Turkey	1,744
United Arab Emirates	279
Uruguay	14
Non-WTO countries subject to section 204 of the Agricultural Act of 1956:	
Belarus	39
Cambodia	1,251
Laos	4
Russia	495
Ukraine	64
Vietnam	2,484
WTO Member subject to the North American Free Trade Agreement:	
Mexico ⁴	7,941

¹ The United States banned imports of all products from Burma in August 2003.

² Nepal became the 147th Member of the WTO on April 23, 2004.

³ The United States eliminated quota restrictions on textile and apparel imports from Singapore on January 1, 2004, as required under the United States-Singapore Free Trade Agreement.

⁴ The United States eliminated all remaining quota restrictions on textile and apparel imports from Mexico on January 1, 2004, as required under the North American Free Trade Agreement.

Source: Import data compiled from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel.

had been subject to import quotas) effective August 28, 2003.⁸² Six countries covered by U.S. textile and apparel quotas are not WTO members and, therefore, will not be eligible for ATC quota liberalization until they join the WTO.⁸³ One of these countries (Cambodia) was approved for WTO membership in 2003; however, the process of ratification in the Cambodian Parliament is still pending.⁸⁴ Another non-WTO quota country (Vietnam) is seeking to join the WTO.⁸⁵

China

China became eligible for ATC benefits upon its WTO accession on December 11, 2001. The WTO Accession Agreement of China enabled the country to “catch up” immediately with the ATC integration schedule of other WTO countries. However, China’s WTO Accession Agreement permits the United States and other WTO countries to impose safeguard measures, or quotas, on imports of GATT-integrated textile and apparel articles from China through the end of 2008. This “textile safeguard” provision allows WTO countries that believe imports of Chinese textiles and apparel are, due to market disruption, threatening to impede the orderly development of trade in these goods, to request consultations with China with a view to easing or avoiding such market disruption. Upon receipt of such a request, the textile safeguard provision requires China to hold its shipments to a level no greater than 7.5 percent (6 percent for wool goods) above the amount entered during the first 12 months of the most recent 14 months preceding the request for consultations.

On December 24, 2003, the United States requested consultations with China under the textile safeguard provision for three groups of cotton and manmade-fiber products already integrated into the GATT: knit fabrics (category 222), brassieres and other body-supporting garments (349/649), and dressing gowns and robes (350/650).⁸⁶ The two countries could not agree on quota levels for these goods within 90 days of the request for consultations, or by March 24, 2004. Thus, the United States will continue the quotas until the end of the 12-month period, until December 23, 2004.

Cambodia and Vietnam

The United States and Cambodia signed a Memorandum of Understanding on December 31, 2001, which extended their bilateral agreement for an additional three

⁸² U.S. Department of Homeland Security, Bureau of Customs and Border Protection, “U.S. Trade Embargo Against Burma,” public notice, Sept. 10, 2003, found at <http://www.cbp.gov>, retrieved Dec. 15, 2003.

⁸³ The non-WTO countries are subject to quotas imposed by the President under section 204 of the Agricultural Act of 1956 (7 U.S.C. 1854), which authorizes the President to enter into agreements with foreign governments to limit the export of textiles and apparel to the United States, and the importation of such goods into the United States, and to issue regulations to carry out such agreements.

⁸⁴ World Trade organization, “WTO Membership Rises to 147,” *WTO News*, April 23, 2004, found at <http://www.wto.org>, retrieved May 7, 2004.

⁸⁵ *Ibid.*

⁸⁶ Information on the safeguard actions is available in three notices of the Committee for the Implementation of Textile Agreements (CITA), published in the Federal Register of Dec. 29, 2003 (68 FR 74944-74949).

years, through December 31, 2004, and provided for an increase in the quota of up to 18 percent, compared with 14 percent in the 1999 agreement for full compliance with international labor standards. As such, the United States increased Cambodia's quotas by 12 percent for 2003 and by 14 percent for 2004, in addition to the normal quota increases of 6 percent granted to most products. According to the U.S. Embassy in Cambodia, the country was granted a 14-percent quota increase in 2004 "in recognition of Cambodia's efforts and accomplishments in respecting worker rights in the garment sector in 2003," but it is "concerned about certain persistent and widespread problems, including correct payment of wages, involuntary and excessive overtime and anti-union discrimination."⁸⁷

U.S. imports of textiles and apparel from Vietnam came under quota for the first time effective May 1, 2003.⁸⁸ Imports of such goods from Vietnam have greatly expanded since the United States granted the country normal-trade-relations (NTR) status in December 2001, rising from \$49 million in 2001 to \$2.5 billion in 2003 (NTR status means that imports of goods from Vietnam are now subject to much lower rates of duty). According to a trade report, the United States is the major market for Vietnam's textile and apparel exports, accounting for two-thirds, or \$2.4 billion, of Vietnam's total exports of \$3.7 billion in 2003.⁸⁹

Quota Availability in 2004

The "flexibility provisions" in U.S. bilateral textile agreements permit exporting countries, under certain conditions, to transfer unused portions of quotas between products and between years.⁹⁰ U.S. apparel importers and retailers have expressed concern about the availability of quotas for key products in 2004, because exporting countries will not be able to "carry forward" or borrow quota from 2005. Since there are no quotas in 2005 against which to borrow. Moreover, although the United States increased quota levels for 2004 as required under the ATC "growth-on-growth" provision, many of the quotas not available in 2004 are lower than they otherwise would be because of the use of carryforward in 2003, when exporting

⁸⁷ U.S. Embassy, Phnom Penh, "U.S.-Cambodia Bilateral Textile Agreement Quota Bonus Decision for 2004," press report, Dec. 3, 2003, found at <http://usembassy.state.gov/cambodia/www/wh0060.html>, retrieved Feb. 4, 2004.

⁸⁸ The bilateral textile agreement with Vietnam was initiated on April 25, 2003, and signed on July 17, 2003. See Federal Register notices of CITA, "Establishment of Import Limits for Certain . . . Textile Products Produced or Manufactured in the Socialist Republic of Vietnam," May 16, 2003 (68 FR 26575), and "Establishment of an Export Visa Arrangement for Certain . . . Textile Products Produced or Manufactured in Vietnam," July 30, 2003 (68 FR 44748).

⁸⁹ Information was attributed to BharatTextile.com in World Trade Interactive, (a publication of Sandler, Travis & Rosenberg, P.A., Washington, DC), "Vietnam Raises Quota Fees for Shipments to U.S.," Feb. 17, 2004.

⁹⁰ The flexibility provisions for unused portions of quotas include carryover (from the prior year to the current year within the same product category), carryforward (from the subsequent year to the current year within the same product category), and swing (from one product category to another product category within the same year).

countries borrowed against their 2004 quotas.⁹¹ The United States reportedly rejected requests from U.S. apparel importers and retailers to increase apparel quotas in 2004 in order to make up for the loss of carryforward.⁹² Carryforward also is not available for non-WTO countries whose bilateral textile agreements expire at the end of 2004, including Cambodia, Laos, Russia, Ukraine, and Vietnam, unless their agreements are extended beyond 2004.

Tariff Rate Disputes

Egypt

The United States requested WTO Dispute Settlement Understanding consultations with Egypt on December 23, 2003, stating that Egypt applied specific import duties on a number of textile and apparel articles that exceeded its bound rates of duty.⁹³ In the official communication to the Government of Egypt and to the WTO Dispute Settlement Body, the United States stated that when Egypt removed its prohibition on imports of apparel and made-up textile products by January 1, 2002, it had agreed to bind its import duties on apparel classified under HS chapters 61 and 62 at a rate of 46 percent ad valorem for 2003, 43 percent for 2004, and 40 percent thereafter. According to the communication, on December 31, 2001, Egypt implemented duties that were specific to each piece of clothing, rather than ad valorem rates, resulting in ad valorem duty equivalents ranging from 141 percent to 51,296 percent. On January 21, 2004, Egypt issued a decree that established an ad valorem rate on apparel of 40 percent in place of the specific duty rates. Egypt also reduced its duties on textiles, from 30 percent to 12 percent ad valorem for yarns, from 54 percent to 22 percent for fabrics, and from a per piece duty levy to 35 percent for home textiles.⁹⁴

Free Trade Agreements with Chile and Singapore

On January 1, 2004, the United States implemented separate free trade agreements (FTAs) with Chile and Singapore, which together accounted for less than 0.5 percent of

⁹¹ A trade report stated that for cotton knit shirts (categories 338/339), the 2004 quota for China is 2.4 percent lower than the 2003 quota, even though its allowable annual quota growth rate is 0.6 percent, while the quota for Bangladesh is 5.5 percent higher, even though its allowable annual quota growth rate is 12.9 percent. See Global Trade Advisor, "Carryforward for 2004," issued by IBERC (a division of Sandler, Travis & Rosenberg, P.A., Washington, DC), Jan. 16, 2004, p. 2.

⁹² "U.S. Rejects Importer Calls to Increase 2004 Apparel Quotas," Inside US Trade, Jan. 23, 2004.

⁹³ WTO, Request for Consultations by the United States, "Egypt - Measures Affecting Imports of Textile and Apparel Products," WT/DS305/1, Jan. 6, 2004, found at <http://docsonline.wto.org>.

⁹⁴ Information on Egyptian tariffs is from U.S. Commercial Service, International Market Insight, Feb. 4, 2004, found at <http://www.buyusa.info.net>, retrieved Feb. 27, 2004, and from Egypt's Ministry of Foreign Trade, "Egypt's . . . Tariffs," found at <http://www.economy.gov.eg/english/ftrade/index.stm>, retrieved Feb. 3, 2004.

total U.S. textile and apparel imports in 2003.⁹⁵ Both FTAs provide for the immediate elimination of duties and quotas on textiles and apparel that meet the rules of origin specified in the FTAs (“originating goods”).⁹⁶ The rules of origin for textiles and apparel in both FTAs were modeled after those in NAFTA, and require that imports of most articles from the FTA partner be assembled from inputs made either in the respective partner country there or in the United States, generally from the yarn stage forward. Under this “yarn forward” rule, only the fibers may be from third countries.⁹⁷ A “fiber forward” origin rule applies to a limited number of products (mainly yarns and knit fabrics), which must be made in an FTA party from the fiber stage forward. Both FTAs contain a de minimis foreign content rule, in which up to 7 percent of the total weight of the originating good can consist of fibers or yarns that are not made in the United States or the FTA partner, except for elastomeric yarns, which must be made in an FTA party.

Both FTAs contain tariff preference levels (TPLs) that provide duty preferences for specified quantities of certain “non-originating goods” (i.e., goods that do not meet the FTA rules of origin because they are made of yarns and fabrics from countries other than the United States and the FTA partner). The two TPLs in the Chile FTA grant duty-free treatment to (1) 2 million square meter equivalents (SMEs) of non-originating cotton and man-made-fiber apparel for the first 10 years and 1 million SMEs thereafter, and (2) 1 million SMEs of non-originating cotton and man-made-fiber fabrics.⁹⁸ will be reduced in equal increments over a 5-year period, reaching zero in 2008. The Singapore TPL covering non-originating cotton and manmade-fiber apparel, will expire after 8 years. The TPL quantity of 25 million SMEs in 2004 will be reduced by 3.125 million SMEs each year thereafter, reaching zero in 2012.⁹⁹

The FTAs with Chile and Singapore set forth provisions for cooperation to prevent prevention of circumvention with obligations on the governments of these countries to monitor trade and ensure compliance. If an FTA party believes that the other is not in compliance with the terms of the FTA with respect to textiles and apparel, it can request consultations (e.g., the United States can apply quotas to goods made in the FTA partner or revoke preferential benefits for particular firms or products).¹⁰⁰

⁹⁵ For further information on the FTAs with Singapore and Chile, see chapter 4 of this report. Chile is a very small supplier of textiles and apparel to the United States, with shipments totaling \$12 million in 2003, while imports of such goods from Singapore have fallen by half since the early 1990s to \$271 million.

⁹⁶ The United States had applied import quotas on textiles and apparel from Singapore, but not Chile.

⁹⁷ In general, the manufacturing progression in the textile sector is: (1) fibers are made into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) cut components are sewn into apparel and other finished goods.

⁹⁸ Once imports reach the levels established under the TPLs, they will be subject to the higher NTR rates of duty.

⁹⁹ “Singapore Free Trade Agreement”; found at <http://www.usitc.gov>, retrieved May 15, 2004.

¹⁰⁰ The duties under the TPL are reduced to zero over a 5-year period.

Proposed Free Trade Agreements

The United States has concluded negotiations for several other free trade agreements with countries that are either major suppliers of textiles and apparel to the U.S. market or for which textiles and apparel represent a significant portion of their exports. The United States concluded negotiations for the Central America Free Trade Agreement (CAFTA) with El Salvador, Guatemala, Honduras, and Nicaragua on December 17, 2003, and with Costa Rica on January 25, 2004. In addition, the United States completed FTA negotiations with the Dominican Republic on March 15, 2004, and will integrate that agreement into the CAFTA.¹⁰¹ The CAFTA countries, including the Dominican Republic, accounted for 12 percent of U.S. imports of textiles and apparel by value in 2003, and these products accounted for 39 percent of that region's exports to the United States in 2003 (table 2-13). The United States also concluded negotiations on FTAs with Australia (February 8, 2004) and Morocco (March 2, 2004).¹⁰²

Table 2-13
U.S. imports of textiles and apparel from countries in FTA negotiations with the United States and their share of total U.S. imports from these countries, 2003, and the share of these countries' total exports accounted for by textiles and apparel, 2002

Country or region	U.S. Imports, 2003	Share of the value of U.S. imports accounted for by textiles and apparel	
		Share of the value of U.S. imports accounted for by textiles and apparel	Share of total value of country or region's exports accounted for by textiles and apparel, 2002
	<i>Million dollars</i>	<i>Percentage share</i>	
CAFTA countries ¹	7,167	9.2	36.5
Dominican Republic ¹	2,128	2.7	48.0
Morocco ¹	77	0.1	34.8
Bahrain	188	0.2	12.7
Australia ¹	234	0.3	1.2
SACU countries	836	1.1	3.0
Andean countries	1,107	1.4	5.6
Panama	5	0.1	7.3
Thailand	2,072	2.7	8.2

¹ The United States has concluded FTA negotiations with the specified country or countries, although these FTAs have not yet been entered into effect.

Source: U.S. import data compiled from official statistics of the U.S. Department of Commerce; country and regional export data based on official statistics of the United Nations. Export data represent world imports from the selected countries or regions in 2002.

¹⁰¹ USTR press release, "U.S. & Dominican Republic Conclude Trade Talks Integrating the Dominican Republic into the Central America Free Trade Agreement," Mar. 15, 2004, retrieved Mar. 16, 2004, found at <http://www.ustr.gov>.

¹⁰² USTR press releases, "U.S. and Australia Complete Free Trade Agreement," Feb. 8, 2004, and "U.S. and Morocco Conclude Free Trade Agreement," Mar. 2, 2004, found at <http://www.ustr.gov>, retrieved Mar. 3, 2004.

The United States has ongoing FTA negotiations with Bahrain and with the South African Customs Union (SACU), which comprises Botswana, Lesotho, Namibia, South Africa, and Swaziland. U.S. textile and apparel imports from SACU countries totaled \$836 million in 2003, representing an increase of 82 percent from 2001, the first full year of AGOA benefits for eligible countries in sub-Saharan Africa. The United States also has announced its intention to negotiate FTAs with the Andean countries (Bolivia, Colombia, Ecuador, and Peru), Thailand, and Panama.¹⁰³ The Andean countries, like the SACU countries and Panama, already benefit from U.S. trade preferences, as discussed below.

Trade Preference Programs

The United States provides preferential market access for imports of textiles and apparel under the United States-Caribbean Basin Trade Partnership Act (CBTPA) and the African Growth and Opportunity Act (AGOA), which were implemented in October 2000, and the Andean Trade Promotion and Drug Eradication Act (ATPDEA), implemented in October 2002.¹⁰⁴ Under these programs, the United States provides duty-free and quota-free access to the U.S. market for apparel made in beneficiary countries from U.S. yarns and fabrics. The programs also grant duty-free benefits to specified quantities of apparel made of "regional fabrics." Under the CBTPA regional fabric provision, the trade benefits are limited to knit apparel made in eligible beneficiary countries from fabrics knitted in the region of U.S. yarns. The ATPDEA provides unlimited duty-free treatment to apparel made in beneficiary countries from regional fabrics in chief value of llama, alpaca, or vicuña, and grants duty-free benefits to specified quantities of other knit or woven garments made of U.S. or regional yarns. The AGOA also grants duty-free benefits to specified quantities of knit and woven apparel made in beneficiary countries from regional fabrics of U.S. or regional yarns. However, AGOA also allows apparel made in lesser-developed beneficiary countries from third-country (e.g., Asian) fabrics to enter free of duty under this regional fabric "cap." This third-country fabric provision is currently set to expire on September 30, 2004. As shown in table 2-14, duty-free imports under these U.S. trade programs accounted for most U.S. textile and apparel imports from the beneficiary countries in 2003.

¹⁰³ USTR press releases, "USTR Notifies Congress of Intent to Initiate Free Trade Talks with Andean Countries," Nov. 18, 2003; "USTR Notifies Congress of Intent to Initiate Free Trade Talks with Thailand," Feb. 12, 2004; and "USTR Notifies Congress of Intent to Initiate Free Trade Talks with Panama," Nov. 18, 2004, found at <http://www.ustr.gov>.

¹⁰⁴ The Trade Act of 2002, contained a number of significant enhancements of AGOA and the CBTPA. For further information on these changes, see USITC, *The Year in Trade: OTAP, 54th Report*, USITC publication 3630, Aug. 2003, pp. 2-33 and 2-34-2-36.

Table 2-14
Textiles and apparel: U.S. imports from Caribbean Basin, Sub-Saharan African, and Andean countries, total and duty-free imports under special U.S. trade programs, 2003¹

Item	Caribbean Basin	Sub-Saharan Africa	Andean region
Duty-free imports under special trade programs:			
Articles of U.S. fabrics (<i>million dollars</i>)	5,356.4	7.2	55.2
Articles of regional fabrics (<i>million dollars</i>)	740.1	242.9	693.3
Articles of third-country fabrics (<i>million dollars</i>)	151.3	947.0	8.0
Total (<i>million dollars</i>)	6,247.8	1,197.1	756.5
Total imports of textiles and apparel (<i>million dollars</i>)	9,676.3	1,527.3	1,107.4
Share of duty-free imports to total imports (<i>percent</i>)	65 ²	78	68

¹ The special trade programs include the CBTPA for the Caribbean Basin countries, the AGOA for sub-Saharan African countries, and the ATPDEA for the Andean countries.

² Excludes apparel imports from Caribbean Basin countries of \$1,064.3 million in 2003 that were eligible for a partial duty exemption under heading 9802.00.80 of the Harmonized Tariff Schedule of the United States (HTS). Under this provision, U.S. importers receive a partial duty exemption for articles assembled abroad in whole or in part of U.S. components. In general, the duty is assessed only on the value added abroad (mainly the cost of sewing the garment parts together and the value of non-fabrics and fasteners). The fabrics for making the garment parts can be either U.S. or foreign origin as long as the fabric is cut to shape in the United States, exported ready for assembly, and not advanced in value abroad except by assembly and incidental operations.

Source: Compiled from official statistics of the U.S. Department of Commerce, found at <http://otexa.ita.doc.gov>.

U.S. Textile and Apparel Trade in 2003

U.S. imports of textiles and apparel in 2003 grew 10 percent over the 2002 level to 42.2 billion square meter equivalents (SMEs) (valued at \$77.4 billion). The growth mainly reflected a substantial increase in imports from China, whose shipments rose 67 percent, or 3.3 billion SMEs, to 8.3 billion SMEs (\$11.6 billion). China's shipments had increased 125 percent in 2002, the first full year that it became eligible for ATC quota liberalization, enabling the country to surpass NAFTA signatories Mexico and Canada as the largest foreign supplier. The share of total U.S. textile and apparel imports accounted for by China rose to 19.6 percent in 2003 from 13.0 percent in 2002. The increase in China's shipments was concentrated in goods for which quotas were eliminated, namely textile luggage, up by 55 percent, or 372 million SMEs; babies' garments, up by 105 percent, or 198 million SMEs; and robes and dressing gowns of cotton and manmade fibers, up 51 percent, or 85 million SMEs.

U.S. textile and apparel imports from Vietnam continued to grow substantially in 2003, rising by 131 percent over the 2002 level, or 469 million SMEs to 827 million SMEs (\$2.5 billion). Vietnam emerged as a significant supplier of apparel only since December 2001, when the United States granted NTR status to the country (see earlier discussion). In 2003, Vietnam was the eighth-largest volume supplier of apparel, which accounts for almost all of its shipments of textiles and apparel in terms of value.

U.S. textile and apparel imports from Mexico and Canada, the largest volume suppliers after China, declined by 9 percent and 2 percent, respectively, in 2003.

Imports of textiles and apparel from Mexico in 2003 of 3.9 billion SMEs (\$7.9 billion) were equivalent to less than one-half of the volume of imports from China. U.S. textile and apparel imports from Mexico peaked in 2000 at 4.7 million SMEs. The decline in imports from Mexico since 2000 is partly attributable, at least initially, to NAFTA restrictions on the use of duty drawback, which went into effect in 2001.¹⁰⁵ Duty drawback had permitted the refund of duties paid on certain imported apparel components that did not have to originate in a NAFTA country, including non-visible interlinings and other trim. Among other major suppliers, increases occurred in imports from Pakistan, Korea, the EU, and India, while declines occurred in imports from Taiwan, Indonesia, Bangladesh, Thailand, Turkey, Hong Kong, the Philippines, and Sri Lanka.

U.S. textile and apparel imports from countries benefitting from preferential market access rose in 2003, including those from the Caribbean Basin, sub-Saharan Africa, and the Andean region. Imports rose by 6 percent from Caribbean Basin countries, to 4.0 billion SMEs; 37 percent from sub-Saharan Africa, to 418 million SMEs; and 28 percent from Andean countries, to 247 million SMEs.

¹⁰⁵ Stephen Lamar, Senior Vice President, American Apparel & Footwear Association, Arlington, VA, interview by Commission staff, Feb. 10, 2004.

CHAPTER 3: Selected Trade Developments in the WTO, OECD, and APEC

World Trade Organization

Doha Trade Negotiations and Cancun Ministerial Conference

In 2003, members of the World Trade Organization (WTO) continued multilateral trade negotiations, launched in part under provisions of the 1986-1992 Uruguay Round and in part under the 2001 Doha Development Agenda (DDA).¹ However, at the WTO Fifth Ministerial Conference held in Cancun, Mexico, in September 2003, participants were unable to agree on how to move forward with negotiations, spending the remaining months of 2003 in consultations on how to renew these trade talks.

At Cancun, ministers were to review progress made to date, and to set specific terms and structure (negotiating “modalities”) for individual negotiating groups that would allow for these groups to conduct negotiations during 2004 so that the Doha trade talks could conclude by January 1, 2005. Instead, negotiators found themselves unable to complete modalities for the negotiating area of agriculture, as well as nonagricultural market access. Negotiators subsequently found themselves at a further impasse over a group of issues referred to collectively as the “Singapore issues”—four new topics covering trade-related investment, competition policy, transparency in government procurement, and trade facilitation.² As a result, the conference ended without reaching a consensus.

The ministerial statement concluding the Cancun conference directed officials of the participating governments to continue work on outstanding issues, in coordination with the WTO Director-General and the chairman of the WTO General Council. The statement called for a WTO General Council meeting at the senior official level by

¹ Negotiations launched under a number of mandates from the Uruguay Round Agreements can be found in WTO, Trade Negotiations Committee, Final Act Embodying the results of the Uruguay Round of Multilateral Trade Negotiations, Marrakesh, Apr. 15, 1994. Negotiations launched under the Doha Development Agenda can be found in WTO, Ministerial Conference, Fourth Session, Ministerial Declaration—Adopted on November 14, 2004, WT/MIN(01)/DEC/1, Nov. 20, 2001.

² So-called because these issues were raised initially at the WTO First Ministerial Conference held in Singapore in 1996.

December 15, 2003, so that ministers could move toward a “successful and timely conclusion of the negotiations.”³ During the remainder of 2003, the WTO General Council chairman held consultations with WTO members, reporting at the December meeting that although members affirmed their commitment to enter into substantive negotiations there appeared as yet no concrete sign of this commitment, such as more flexible negotiating positions.⁴ Thus, at the beginning of 2004, unresolved issues from the Cancun conference appeared to remain as efforts to resume negotiations under the Doha Development Agenda continued.

Negotiating Developments before Cancun

During 2002 and 2003, negotiators worked toward developing negotiating modalities for their respective groups,⁵ although largely without success. Agriculture negotiators were slated to reach agreement on a first draft by March 31, 2003, but the chairman confirmed at that deadline that the group had failed to reach a set of common modalities. He stated, moreover, that there was no basis to attempt another draft without guidance from participants on possible areas of convergence.⁶

Due to a number of factors, the Negotiating Group on Market Access did not meet the target date of May 31, 2003 for agreement on negotiating modalities that would structure their negotiations on reductions in tariff and nontariff barriers, although it continued to focus on this issue in the lead up to Cancun.⁷ The group chairman noted clear divergences among participants over several issues regarding the tariff cutting formula under discussion, and also noted that the views of participants were clearly far apart at the moment on the question of possible sectoral initiatives, but would nonetheless continue to revise the group’s draft element of modalities for further consideration as discussions advanced.⁸

³ WTO, “Ministerial Statement,” taken from WTO, “Day 5: Conference ends without consensus,” WTO Summary of September 14, 2003, found at Internet address <http://www.wto.org/>, retrieved Sept. 17, 2003.

⁴ WTO, “Statement by the Chairperson of the General Council December 15-18, 2003,” found at Internet address <http://www.wto.org/>, retrieved on Mar. 26, 2004.

⁵ The negotiating groups in the Doha Round were set up as either newly created negotiating groups or as special session meetings of existing WTO committees, as follows: (1) Committee on Agriculture, Special Session; (2) Council for Trade in Services (CTS), Special Session; (3) Council for Trade-Related Aspects of Intellectual Property Rights (TRIPs), Special Session; (4) Dispute Settlement Body (DSB), Special Session; (5) Committee on Trade and Environment (CTE), Special Session; (6) Committee on Trade and Development (CTD), Special Session; (7) Negotiating Group on Non-Agricultural Market Access, and (8) Negotiating Group on Rules.

⁶ World Trade Organization, Committee on Agriculture – Special Session, Eighteenth Special Session of the Committee on Agriculture – Report by the Chairman, Stuart Harbinson, to the Trade Negotiations Committee, TN/AG/9, Apr. 8, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

⁷ World Trade Organization, Trade Negotiations Committee, Report by the Chairman of the Trade Negotiations Committee to the General Council, TN/C/3, July 23, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on May 13, 2004.

⁸ World Trade Organization, Trade Negotiations Committee, Minutes of Meeting – Held in the Centre William Rappard on 14-15 July 2003, TN/C/M/11, Feb. 2, 2004, found at Internet address <http://docsonline.wto.org/>, retrieved on May 13, 2004.

Progress appeared more forthcoming in the services negotiations, as initial requests for market access in services made during 2002 were joined by initial offers tabled in early 2003.⁹ The services negotiating group also adopted a draft text of Modalities for the Treatment of Autonomous Liberalization in March 2003, a portion of its negotiating agenda.¹⁰

The chairman overseeing intellectual property negotiations noted in February 2003 that delegations' positions remained quite divided at the end of 2002,¹¹ even though these negotiations, mandated under the 1994 Uruguay Round Agreements, are circumscribed largely to developing a multilateral system of notification and registration of geographical indications for wines and spirits. Under a separate mandate from the 2001 Doha ministerial conference, negotiators concluded and adopted the Decision of the TRIPS Agreement and Public Health,¹² described below.

Of major concern to developing country WTO members, the deadline to reach recommendations regarding special and differential treatment also reached an impasse in February 2003 despite several extensions during 2002.¹³

TRIPS decision on pharmaceutical imports

WTO members adopted the Decision of the TRIPS Agreement and Public Health on August 30, 2003, a decision that allows developing countries—in particular least developed countries—greater access to needed categories of vital medicines when their governments are faced with widespread outbreaks that threaten public health.¹⁴ Negotiators were tasked by the 2001 Doha Declaration on the TRIPS Agreement and Public Health¹⁵ to find an expeditious solution to the difficulties faced by WTO members possessing insufficient or no manufacturing capacity in the pharmaceutical sector when confronted with public health crises that constitute a national emergency—specifically involving human immunovirus/acquired immune deficiency

⁹ Ibid.

¹⁰ World Trade Organization, Council for Trade in Services – Special Session, Modalities for the Treatment of Autonomous Liberalization – Adopted by the Special Session of the Council for Trade in Services on 6 March 2003, TN/S/6, Mar. 10, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

¹¹ World Trade Organization, Council for Trade-Related Aspects of Intellectual Property Rights – Special Session, Fifth Special Session of the Council for TRIPS – Report by the Chairman, Ambassador Eui-yong Chung, to the Trade Negotiations Committee, TN/IP/5, Feb. 28, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

¹² World Trade Organization, “Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health — Decision of 30 August 2003,” WT/L/540, Sept. 1, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

¹³ World Trade Organization, Committee on Trade and Development, Special Session, Special Session of the Committee on Trade and Development – Report by the Chairman, Ambassador Ransford Smith (Jamaica), to the Trade Negotiations Committee, TN/CTD/8, Mar. 4, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on May 13, 2004.

¹⁴ WTO, “TRIPS Agreement and Public Health — Decision of 30 August 2003,” WT/L/540.

¹⁵ WTO Ministerial Conference — Fourth Session, Declaration of the TRIPS Agreement and Public Health — Adopted on 14 November 2001, WT/MIN(01)/DEC/2, Nov. 20, 2001, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

syndrome (HIV/AIDS), tuberculosis, malaria, or similar epidemics of extreme urgency.

The 2003 decision sets up a system that allows an eligible WTO member to obtain from an eligible exporting WTO member the needed pharmaceutical supplies to address public health problems that constitute an urgent national situation.¹⁶ Least developed country WTO members may automatically avail themselves of this pharmaceutical import system, whereas other developing country WTO members must notify the TRIPS Council of a national emergency or circumstances of extreme urgency that require a patented medicine for public, noncommercial use. The importing member must (1) notify the TRIPS Council requiring the specific product names and expected quantities needed, (2) confirm that it has insufficient manufacturing capacity in its pharmaceutical sector to produce this product, and (3) grant a compulsory license under TRIPS Art. 31¹⁷ for a patented pharmaceutical product within its territory.

The exporting member must also issue a compulsory license that confirms that only the amount necessary to meet the import's member need will be manufactured under that license, and that the entirety of the production will be exported to eligible importing members who have notified their needs to the TRIPS Council. The exporting member must confirm that the products manufactured under compulsory license will be marked or labeled specifically through special packaging, coloring, or shape. The exporting member must also establish an Internet website that posts the quantities supplied to each importer and the distinguishing product features. The exporting member must notify the TRIPS Council of the award of the compulsory license, giving the name and address of the licensed firm, products and quantities covered by the license, duration of the license, and the countries to be supplied with the product. The exporting member must pay adequate remuneration, although the importing member's obligation to pay remuneration will be waived under the decision. However, the importing member is expected to take reasonable measures within its means to prevent the reexport of these pharmaceutical products manufactured under compulsory license.

The decision includes provisions for developing country WTO members to take advantage of possible economies of scale and consequent enhanced purchasing power if they belong to a regional trade agreement. WTO members agree not to challenge through WTO dispute-settlement procedures any measures taken in line with this decision. The TRIPS Council is to prepare an amendment to the TRIPS Agreement that would incorporate this decision into the agreement.

Cancun Ministerial Conference

The WTO Fifth Ministerial Conference took place in Cancun, Mexico, September 10-14, 2003. The conference chairman, Luis Ernesto Derbez, Minister of Foreign

¹⁶ WTO, "TRIPS Agreement and Public Health — Decision of 30 August 2003," WT/L/540.

¹⁷ TRIPS Art. 31 is entitled "Other Use Without Authorization of the Right Holder."

Relations for Mexico, named five facilitators on the opening day to oversee discussions on the major subjects of (1) agriculture, (2) nonagricultural market access, (3) development issues, (4) the "Singapore" issues, and (5) other issues, which included the question of a geographical indications registry for wines and spirits being negotiated under the TRIPS Agreement.¹⁸

An early debate arose at the conference when Benin, Burkina Faso, Chad, and Mali tabled a proposal on the subject of cotton.¹⁹ A WTO summary of the conference indicates that the cotton proposal or initiative "describes the damage that the four believe has been caused to them by cotton subsidies in richer countries, calls for the subsidies to be eliminated, and for compensation to be paid to the four while the subsidies are being paid out to cover economic losses caused by the subsidies."²⁰ A number of conference delegations supported the initiative in large part because the proposal sought a competitive solution within the framework of the multilateral trading system rather than by means of preferences or special and differential treatment. The United States proposed discussions that addressed distortions throughout the cotton production chain, including subsidies, but also tariff and nontariff barriers to trade in cotton, government policies that support synthetic fiber production, and the like.

An important impediment to progress at the conference proved to be negotiations over agriculture, with the facilitators reporting in the first days that progress in their other groups appeared linked to progress in the agriculture group. In the agriculture group, exchanges centered on discussions held between three main countries or groups of countries (1) the United States, (2) the European Union (EU), and (3) the Group of 20 (G-20), a recent grouping of approximately 20 developing countries.²¹ Discussions in

¹⁸ Reporting based largely on WTO daily summaries of the Cancun ministerial conference — "Summary of 10 September 2003 — Conference kicks off with facilitators' named and cotton debated;" "Summary of 11 September 2003 — Cambodia and Nepal membership sealed as ministers start negotiations;" "Summary of 12 September 2003 — Day 3: Facilitators' start work on new draft declaration;" "Summary of 13 September 2003 — Day 4: As ministers comment on new draft, chairperson warns of dangers of failure;" and "Summary of 14 September 2003 — Day 5: Conference ends without consensus," found at <http://www.wto.org>, retrieved Sept. 15, 2003.

¹⁹ World Trade Organization, Ministerial Conference, Fifth Session, Poverty Reduction: Sectoral Initiative in Favour of Cotton – Joint Proposal by Benin, Burkina Faso, Chad and Mali, WT/MIN(03)/W/2*, Aug. 15, 2003; and Addendum, WT/MIN(03)/W/2/Add.1, Sept. 3, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

²⁰ WTO, "Cotton proposal," from WTO, "Summary of 10 September 2003."

²¹ G-20 membership has varied. In September 2003, membership counted approximately 22 countries: Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, Egypt, El Salvador, Guatemala, India, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, and Venezuela. At the G-20 ministerial meeting in December 2003, membership counted approximately 18 countries: Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Tanzania, Venezuela, and Zimbabwe. Members of the U.S. delegation indicate that the G-20 was formed at the Cancun ministerial in response to the US/EU agricultural framework that was put forward to help break the impasse reached in agricultural negotiations. U.S. negotiators further noted that the G-20 membership does not appear to be composed of countries uniformly in favor of agricultural liberalization, although the group initially came together over the issue of agricultural reform. U.S. Department of State telegram, "WTO Doha Negotiations: Post-Cancun Q's and A's," prepared by U.S. Department of State, Washington DC, message reference No. 280925, Oct. 1, 2003.

the agriculture group advanced but, with participants unable to agree over subsidy reductions, the group could not complete its work to establish negotiating modalities. Similarly, work in the nonagriculture market access group also advanced but, unable to agree over the tariff cutting formula to be used, the group was ultimately unsuccessful in reaching agreement on negotiating modalities for its group either. Finally, the conference stalled over the issue of how to proceed in addressing the four Singapore issues.²²

The conference chairman closed the meeting when it became clear that there was no consensus on the final day.²³ A six-paragraph ministerial statement was approved and issued that instructed members' officials to "continue working on outstanding issues ... taking ... into account the views expressed at the conference." The ministerial statement asked the WTO Director-General and the WTO General Council chairman to coordinate this work, and to convene a WTO General Council meeting at senior officials level no later than December 15, 2003, intended to permit WTO members "to take the action ... necessary ... to enable us to move towards a successful and timely conclusion of the negotiations."²⁴

Negotiating Developments after Cancun

Following Cancun, the WTO Director-General and General Council chairman held initial consultations with member governments, followed by two rounds of intensive consultations on the four critical issues emerging from the Fifth Ministerial Conference: (1) agriculture, (2) the cotton initiative, (3) nonagricultural market access, and (4) the Singapore issues. General Council chairman Castillo reported informally to the heads of delegations in Geneva, giving his overall assessment of his consultations and his view of the way forward on December 15, 2003, as called for in the ministerial statement at the end of the Cancun conference. The chairman found overall during his consultations that members were constructive, affirming their commitment to enter into substantive negotiations, but that nonetheless no concrete manifestations of this commitment were apparent as yet in more flexible negotiating positions.²⁵ The

²² U.S. Department of State telegram, "Results of Fifth WTO Ministerial in Cancun Mexico," prepared by U.S. Department of State, Washington DC, message reference No. 263630, Sept. 15, 2003.

²³ WTO, "The Ministerial Statement," from WTO, "Day 5: Conference ends without consensus."

²⁴ Ibid. The WTO General Council chairman for 2003, Carlos Perez del Castillo, developed the initial draft of the Cancun ministerial declaration in July 2003, containing substantial bracketed text where ministerial decision would be required at Cancun. See Preparations for the Fifth Session of the Ministerial Conference – Draft Cancun Ministerial Text, JOB(03)/150, July 18, 2003. A slightly revised version was forwarded to ministers on Aug. 31, 2003 in preparation for the conference. See JOB(03)/150/Rev.1 (the "Castillo draft"). In light of discussions at Cancun, the Castillo draft text was revised by conference chairman Derbez. See JOB(03)/150/Rev.2, of Sept. 13, 2003 (the "Derbez draft"). As the conference concluded without consensus, none are officially agreed documents.

²⁵ WTO, "Statement by the Chairperson of the General Council December 15-18, 2003," found at Internet address <http://www.wto.org/>, retrieved on Mar. 26, 2004. The initial consultations were reported October 14 referencing WTO paper JOB(03)/199, with the reports on the major rounds of consultations held on November 18 under JOB(03)/212, and finally on December 9, 2003, under JOB(03)/221.

following reports the chairman's summary of where the Doha Development Agenda trade negotiations stood at year-end 2003 after his consultations subsequent to the Cancun conference.

Agriculture

On agriculture, the chairman concluded that members would like to see domestic support, market access, and export competition—the “three pillars” of the agriculture talks—addressed in parallel.²⁶ His suggestion on the way forward was to substantially reduce or phaseout total support (using the agricultural measurement of support (AMS) index) over an agreed timeframe. He suggested that the so-called “blue box”—permitted domestic support payments to farmers for programs that limit agricultural production—should be first capped, and later reduced in subsequent negotiations. The so-called “green box”—permitted domestic support payments to farmers for programs that do not distort trade—might remain as set out in the text emerging from Cancun. On agricultural market access, he noted that the main difficulty remaining was the “blended formula” for reducing agricultural tariff rates and liberalizing nontariff barriers, although most members agreed to a common approach to market access for both developed and developing countries, provided that clear special and differential provisions were in place to account for different levels of economic development, food security, and similar needs found in developing countries. On export competition, members largely agreed that all unfair export subsidies should be subject to reduction or elimination, with the key disagreement being the end date for the phaseout of agricultural export subsidies. His consultations showed that preferential treatment for special products and special safeguards for agricultural products have become important elements of special and differential treatment discussions in the agriculture talks.

Cotton initiative

The chairman noted that his focus in consultations was on the substance of the trade and development aspects of the cotton proposal, leaving aside the issue of procedure, that is, whether to discuss the issue under the agriculture negotiations or as a singular issue.²⁷ For trade matters, his discussions concluded that domestic support policies were the principal trade policy instrument affecting the cotton sector, followed by the role of market-access policies. The role of direct export subsidies appeared to present minimal impact on the world market for cotton. Discussing development issues, three broad elements emerged when developing countries emphasized the development aspect of the cotton initiative during consultations: (1) the extent of WTO competence in the area of financial and technical assistance, (2) other providers of financial and technical assistance, and (3) cotton-specific development projects and programs.

²⁶ Ibid., par. 12-21.

²⁷ Ibid., par. 22-27.

Market access

Members largely agreed that the Derbez text on nonagricultural market access was carefully drafted and could be used as a starting point.²⁸ They also agreed that a formula approach was key to these negotiations, but there was no agreement yet on the specific formula to be used. Members did not agree on the sectoral component for tariff liberalization, whether this component was voluntary or mandatory, or whether it was a core or a supplementary modality of the negotiations. Many members saw the Derbez text as balancing the two elements, thereby linking the outcome of one with the other.

Singapore issues

The chairman found no consensus in his consultations concerning the Singapore issues, other than possibly to allow each subject to advance individually rather than as a group.²⁹ His suggestion to members was to continue to explore possible negotiating modalities for trade facilitation and for transparency in government procurement, and leave investment and competition policy for further reflection.

Procedures

The chairman suggested that arrangements to resume negotiations under the Doha Development Agenda should reactivate the Trade Negotiating Committee (TNC) and the negotiating groups early in 2004, following the February 2004 WTO General Council meeting held to elect new officers for the year.³⁰

Selected Activities in the WTO

In 2003, the WTO General Council held regular formal sessions in February, July, August, October, and December, in addition to work carried out for the fifth session of the WTO ministerial conference. A synopsis follows of selected activities in the WTO during 2003 concerning regular matters³¹ not related to the multilateral trade negotiations taking place under the Doha Development Agenda.

²⁸ Ibid., par. 28-33.

²⁹ Ibid., par. 34.

³⁰ Ibid., par. 35-40. The first WTO General Council meeting in 2004 was held February 11-12, where WTO members elected new chairpersons for 2004 for both WTO committees as well as negotiating bodies under the Doha Development Agenda. The Doha Round chairpersons are to serve until the Sixth WTO Ministerial Conference, which is to be held in Hong Kong, China. In January 2004, the United States Trade Representative (USTR) Robert Zoellick sent an open letter to trade ministers participating in the Doha Round in an effort to focus members' negotiating efforts on several core areas during 2004, to be galvanized by advancing the Sixth Ministerial Conference in Hong Kong to December 2004. At the February 2004 General Council meeting, participants in the Doha Round did not adopt this suggestion to hold the Hong Kong ministerial in December 2004, instead agreeing to work toward progress in 2004 before accelerating the schedule for the next ministerial conference. U.S. Department of State telegram, "11 February 2004 Meeting of WTO General Council Meeting," prepared by the U.S. Mission, Geneva, message reference No. 430, Feb. 13, 2004.

³¹ World Trade Organization, General Council, Annual Report (2003), WT/GC/76, Jan. 6, 2004, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

Regular Ministerial Matters

Concerning regular ministerial matters, the Council heard reports regarding the Doha work program on small economies that aims to help integrate small, vulnerable economies more fully into the multilateral trading system, as well as reports on progress made by the WTO Committee for Trade and Development on similar work. The Council also heard its regular briefings from the chairman of the Trade Negotiating Committee overseeing multilateral trade negotiations under the Doha Development Agenda (DDA). As described in the preceding section, the Council heard reports from General Council chairman Castillo regarding his consultations with members following the Cancun ministerial conference, as well as reports from the Director-General on his contacts to help restart negotiations. The Council made arrangements to select new officers for standing WTO bodies, as well as those under the TNC, which was completed at the General Council meeting in February 2004.

General Council Reviews

At its December 2003 meeting, the General Council conducted its second review of China's implementation of the WTO Agreement and its Protocol of Accession.³² China provided information required under its accession protocol, which the Council considered, along with reports from WTO subsidiary bodies, before concluding the review.

The Council also reviewed at this meeting the United States' exemption under GATT 1994 (paragraph 3) for legislation known as the Jones Act, which provides the legal basis for a U.S. prohibition of foreign-built and foreign-repaired ships from conducting coastal trade within the United States (known as "cabotage").³³ The United States provided requested information relating to the operation of the exemption, clarified certain data on U.S. shipyard orders and deliveries, and supplied information on U.S. appropriations legislation that involves the construction of several cruise ships affected by Jones Act legislation. The General Council noted that the next biennial review is to be held in 2005.

Waivers of WTO Obligations

At its December meeting, the General Council considered, and WTO members agreed, to grant requests for waivers from WTO obligations related to the introduction of the Harmonized System into WTO schedules of tariff concessions (requesters included Israel, Thailand, and Sri Lanka).³⁴ WTO members also granted extensions of waivers to a number of requesting countries (Canada, Colombia, Cuba, the EU, El Salvador, the least developed countries as a group, Switzerland, Turkey,

³² Ibid., p. 3.

³³ Ibid., p. 3.

³⁴ Ibid., p. 6.

and the United States) regarding a variety of individual issues centered largely around preferential tariff programs. Among these, the U.S. waiver for the CBERA was extended through December 2005, Canada's waiver for a similar preference program—Caribbean—was extended through 2006, the EU's waiver for the ACP-EU Partnership Agreement³⁵ was extended through 2007, and the EU's waiver for its transitional regime to tariff-rate quotas on imports of bananas was extended through 2005. A waiver from obligations for WTO members to permit preferential tariff treatment for the least developed countries was granted through June 2009, as well as a waiver for the least developed countries from their WTO obligations concerning pharmaceutical products under the TRIPs Agreement (Article 70.9), which was granted through 2015.

Trade in Textiles and Clothing

The chairman reported to the Council on his consultations with developing country members that are textile and clothing exporters about their concerns over the likely decrease in quota access in 2004 stemming from the elimination of the “carry forward” quota provision in that year.³⁶ On a separate issue, the Council heard a representative of the International Textiles and Clothing Bureau express concern regarding a September 2003 announcement by the EU to adjust its textile agreements made with third countries following the accession of new EU member states. Bureau members were concerned that the likely effect of the action will be to widen EU quota restrictions on textiles.

Technical Assistance, Policy Coordination, and Developing Countries

On May 13, 2003, the WTO held consultations with the IMF and the World Bank concerning coherence in global economic policymaking and cooperation between their respective institutions.³⁷ The WTO General Council chairman summarized his discussions with finance, foreign affairs, and trade ministers from a number of WTO members on this subject of coherence, finding that members seek policy coherence in two important areas: (1) assistance with policy analysis and adjustment, and (2) technical assistance and capacity building. The first area addresses the need of developing country members for analytical assistance to better evaluate the implications of trade liberalization and reform for their governments' development objectives and policies. The second area, although related, appears to address the need of developing country members to benefit in more practical economic and

³⁵ ACP is an acronym representing the African, Caribbean, and Pacific countries that were once former colonies of EU member states and now, as a group, receive preferential treatment as developing countries.

³⁶ World Trade Organization, General Council, Annual Report (2003), WT/GC/76, p. 8.

³⁷ World Trade Organization, General Council, Coherence in Global Economic Policy-Making and Cooperation between the WTO, IMF and World Bank — Minutes of Meeting — Held in the Centre William Rappard on 13 May 2003, WT/GC/M/79, June 25, 2003, found at Internet address <http://docsonline.wto.org/>, retrieved on Mar. 26, 2004.

financial terms from the trade liberalization that results from these negotiations. Suggestions were solicited from WTO members as to how these multilateral institutions could better provide these two types of assistance.

Sixth Session of the WTO Ministerial Conference

At the General Council meeting in October 2003, WTO members accepted the offer from Hong Kong, China, to host the Sixth WTO Ministerial Conference, at a time to be determined later.³⁸

Membership

In 2003, Armenia and Macedonia (former Yugoslav Republic of Macedonia) acceded to the WTO, on February 5 and April 4, 2003, respectively. WTO membership stands at 146 with these two accessions. At the Fifth Ministerial Conference in Cancun, Cambodia and Nepal were invited to join the WTO.³⁹ See table 3-1 and table 3-2 for a list of WTO Members and Observers in 2003, respectively.

Dispute Settlement

By October 2003, the WTO marked the 300th dispute to be brought to dispute-settlement proceedings since the World Trade Organization was established in January 1995. Following this milestone, the WTO Secretariat compiled a review⁴⁰ of how the WTO dispute-settlement system functioned over this period from January 1, 1995 through October 31, 2003.

In the nearly nine years under consideration, 302 requests for consultations⁴¹ had been received. A total of 154 disputes were settled through consultations, and 148 disputes continued to the Appellate Body (AB). Consolidating similar disputes, the WTO established during this time period 119 dispute panels covering distinct matters.⁴² Of the 148 disputes covered under 119 dispute panels, the AB adopted 89 reports⁴³ covering 73 distinct matters.

Participation

Since 1995, 92 WTO members have taken part in the dispute-settlement process, either as complainant, respondent, or as a third party during consultations or in panel

³⁸ World Trade Organization, General Council, Annual Report (2003), WT/GC/76, p. 9.

³⁹ Nepal became the 147th WTO member of Apr. 24, 2004.

⁴⁰ WTO, Special Session of the Dispute Settlement Body, Statistical Information on Recourse to WTO Dispute Settlement Procedures (1 January 1995–31 October 2003) – Background Note by the Secretariat, JOB(03)/225, Dec. 11, 2003.

⁴¹ In this period, 302 respondents were requested to consult; 327 complainants were requesting consultations.

⁴² The 119 dispute panels established regarding distinct matters covers 148 disputes, for which dispute panels were initially established, but which the WTO Dispute Settlement Body subsequently consolidated where multiple governments requested multiple dispute panels against a common member and trade measure. Thus, the number of disputes for which a panel was initially established exceeds the reported number of panels established.

⁴³ Including related panel reports.

Table 3-1
WTO membership in 2003 (146)

Albania	France	New Zealand
Angola	Gabon	Nicaragua
Antigua and Barbuda	Gambia	Niger
Argentina	Georgia	Nigeria
Armenia	Germany	Norway
Australia	Ghana	Oman
Austria	Greece	Pakistan
Bahrain	Grenada	Panama
Bangladesh	Guatemala	Papua New Guinea
Barbados	Guinea	Paraguay
Belgium	Guinea Bissau	Peru
Belize	Guyana	Philippines
Benin	Haiti	Poland
Bolivia	Honduras	Portugal
Botswana	Hungary	Qatar
Brazil	Iceland	Romania
Brunei Darussalam	India	Rwanda
Bulgaria	Indonesia	Saint Kitts and Nevis
Burkina Faso	Ireland	Saint Lucia
Burma	Israel	Saint Vincent and the Grenadines
Burundi	Italy	Senegal
Cameroon	Jamaica	Sierra Leone
Canada	Japan	Singapore
Central African Rep.	Jordan	Slovak Rep.
Chad	Kenya	Slovenia
Chile	Korea	Solomon Islands
China	Kuwait	South Africa
China, Hong Kong	Kyrgyz Rep.	Spain
China, Macao	Latvia	Sri Lanka
Chinese Taipei ¹	Lesotho	Suriname
Colombia	Liechtenstein	Swaziland
Congo, Dem. Rep. of	Lithuania	Sweden
Congo, Rep. of	Luxembourg	Switzerland
Costa Rica	Macedonia	Tanzania
C ^{ote} d'Ivoire	Madagascar	Thailand
Croatia	Malawi	Togo
Cuba	Malaysia	Trinidad and Tobago
Cyprus	Maldives	Tunisia
Czech Rep.	Mali	Turkey
Denmark	Malta	Uganda
Djibouti	Mauritania	United Arab Emirates
Dominica	Mauritius	United Kingdom
Dominican Rep.	Mexico	United States of America
Ecuador	Moldova	Uruguay
Egypt	Mongolia	Venezuela
El Salvador	Morocco	Zambia
Estonia	Mozambique	Zimbabwe
European Communities	Namibia	
Fiji	Netherlands and the Netherlands Antilles	
Finland		

¹ Formally the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu. Also referred to in this report as Taiwan.

Note.—Cambodia and Nepal were invited to accede to the WTO in September 2003 and will become WTO members 30 days following the deposit of their instruments of accession with the WTO. Nepal became the 147th WTO member on April 27, 2004.

Source: WTO, found at <http://www.wto.org/>.

Table 3-2
WTO observers in 2003 (30)

Algeria	Ethiopia	Seychelles
Andorra	Kazakhstan	Sudan
Azerbaijan	Laos	Tajikistan
Bahamas	Lebanon	Tonga
Belarus	Nepal	Ukraine
Bhutan	Russia	Uzbekistan
Bosnia and Herzegovina	Samoa	Vanuatu
Cambodia	São Tomé and Príncipe	Vatican (Holy See) ¹
Cape Verde	Saudi Arabia	Vietnam
Equatorial Guinea	Serbia and Montenegro	Yemen

¹ WTO observers are to begin accession proceedings within 5 years of becoming an observer, with the exception of the Holy See.

Source: WTO, found at <http://www.wto.org/>.

proceedings.⁴⁴ Of these, 39 members have participated as complainants initiating a dispute-settlement case, and 43 have participated as respondents in a case.

Respondents. Of the 302 respondents called to consult in this period, the United States and the EU were involved the most often: the United States in 81 cases (27 percent) and the EU in 47 cases (16 percent). Other WTO members called frequently for consultations as respondents in this period were Argentina (15 cases), India (14), Japan (13), Brazil (12), Canada (12), Korea (12), Chile (10), Mexico (10), and Australia (9). Less frequently were Turkey (7), Indonesia (4), Peru (4), the Philippines (4), Belgium (3), Ireland (3), and the Slovak Republic (3). See table 3-3 for a list of WTO Members involved in more than one dispute-settlement consultation in this time period.

Complainants. According to the report, of the 327 complainants calling for consultations, the United States and the EU were again the most active in using the WTO dispute-settlement mechanism. The United States called for consultations in 75 cases (23 percent) and the EU for 62 cases (19 percent). Others calling for consultations as complainants were Canada (24 cases), Brazil (22), India (15), Mexico (13), Japan (11), Korea (10), Thailand (10), Argentina (9), Chile (8), Australia (7), and New Zealand (6). Somewhat less frequent in initiating dispute-settlement consultations were Guatemala (5), Honduras (5), Hungary (5), Colombia (4), Philippines (4), Switzerland (4), Costa Rica (3), and Poland (3). (See table 3-3; note that the table totals all cases, not only those shown.)

Subject matter under covered agreements

According to the report, disputes have been initiated under 17 of the 22 Uruguay Round Agreements (so-called covered agreements).⁴⁵ See table 3-4 for a tabulation

⁴⁴ Ibid., p. 3, and table 2, pp. 12-14.

⁴⁵ Ibid., p. 3, and table 3, p. 15.

Table 3-3

WTO Members involved in more than one dispute-settlement consultation, January 1, 1995, to October 31, 2003

Consultations requested, as complainant				Consultations requested, as respondent			
		Cases*	Percent			Cases*	Percent
	Total	329				302	
1	United States	75	22.8	1	United States	81	26.8
2	European Communities	62	18.8	2	European Communities	47	15.6
3	Canada	24	7.3	3	Argentina	15	5.0
4	Brazil	22	6.7	4	India	14	4.6
5	India	15	4.6	5	Japan	13	4.3
6	Mexico	13	4.0	6	Brazil	12	4.0
7	Japan	11	3.3	7	Canada	12	4.0
8	Korea	10	3.0	8	Korea	12	4.0
9	Thailand	10	3.0	9	Chile	10	3.3
10	Argentina	9	2.7	10	Mexico	10	3.3
11	Chile	8	2.4	11	Australia	9	3.0
12	Australia	7	2.1	12	Turkey	7	2.3
13	New Zealand	6	1.8	13	Indonesia	4	1.3
14	Guatemala	5	1.5	14	Peru	4	1.3
15	Honduras	5	1.5	15	Philippines	4	1.3
16	Hungary	5	1.5	16	Belgium	3	1.0
17	Colombia	4	1.2	17	Ireland	3	1.0
18	Philippines	4	1.2	18	Slovak Rep.	3	1.0
19	Switzerland	4	1.2	19	Czech Rep.	2	0.7
20	Costa Rica	3	0.9	20	Dominican Rep.	2	0.7
21	Poland	3	0.9	21	Ecuador	2	0.7
22	Ecuador	2	0.6	22	Egypt	2	0.7
23	Indonesia	2	0.6	23	France	2	0.7
24	Pakistan	2	0.6	24	Greece	2	0.7
25	Panama	2	0.6	25	Guatemala	2	0.7
26	Peru	2	0.6	26	Hungary	2	0.7
27	Turkey	2	0.6	27	Nicaragua	2	0.7
				28	Pakistan	2	0.7
				29	Romania	2	0.7
				30	South Africa	2	0.7
				31	Trinidad and Tobago	2	0.7
				32	Venezuela	2	0.7

*Note.—Total cases include all cases, including WTO members involved in only one case. Table will therefore not sum to total shown.

Source: WTO, *Special Session of the Dispute Settlement Body - Statistical Information on Recourse to WTO Dispute Settlement Procedures (1 January 1995-31 October 2003) - Background Note by the Secretariat*, JOB(03)/225, Dec. 11, 2003.

Table 3-4
WTO dispute settlement, by covered agreements,¹ from January 1995 through October 2003

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
Total Cases	25	39	50	41	30	34	23	37	23	302
General Agreement on Tariffs and Trade 1994 (GATT 1994)	24	28	33	25	17	22	18	34	17	218
Agreement on Subsidies and Countervailing Measures (SCM)	0	8	10	11	3	6	4	7	4	53
Agreement on Agriculture (AG)	2	5	14	5	6	4	2	7	6	51
Agreement on Antidumping Practices (ADP)	1	3	3	6	8	10	6	7	5	49
Agreement on Technical Barriers to Trade (TBT)	8	4	3	5	0	2	3	2	4	31
Agreement on Import Licensing Procedures (LIC)	1	1	13	5	4	1	2	3	1	31
Agreement on Sanitary and Phytosanitary Measures (SPS)	5	3	3	5	0	2	1	5	6	30
Agreement on Safeguards (SG)	0	0	2	2	4	3	7	11	0	29
Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)	0	6	5	4	5	3	1	0	1	25
Agreement Establishing the World Trade Organization (WTO Agreement)	0	0	0	1	2	6	5	5	4	23
Agreement on Trade-Related Investment Measures (TRIMS)	0	7	5	3	1	1	1	2	0	20
Agreement on Textiles and Apparel (TMB)	1	6	2	1	1	4	0	0	0	15
General Agreement on Trade in Services (GATS)	1	3	2	3	1	3	1	0	1	15
Agreement on Customs Valuation (VAL)	3	1	0	1	1	3	0	0	1	10
Dispute Settlement Understanding (DSU)	1	1	0	1	1	1	1	0	0	6
Agreement on Government Procurement (GPA)	0	0	3	0	1	0	0	0	0	4
Agreement on Rules of Origin (RO)	0	0	2	1	0	0	0	1	0	4

Source: WTO, *Special Session of the Dispute Settlement Body - Statistical Information on Recourse to WTO Dispute Settlement Procedures (1 January 1995-31 October 2003)* - Background Note by the Secretariat, JOB(03)/225, Dec. 11, 2003.

¹ Dispute cases maybe initiated referencing multiple agreements.

of WTO disputes brought under various covered agreements between January 1, 1995 and October 31, 2003. The greatest number of disputes were initiated under the GATT 1994, 218 of the 302 requested consultations. Cases under this agreement reached peak activity by 1997, and again in 2002, at 33 to 34 cases per year, although cases brought under GATT 1994 subsided nearer to 17 to 22 cases during 1999 to 2001, and again in 2003.

The report indicates that after GATT 1994, the covered agreements showing the most active dispute-settlement activity were the Subsidies Agreement (53 cases initiated), Antidumping Agreement (49), and Agriculture Agreement (51). Comparing agreements covering related disciplines—such as the Subsidies, Antidumping, and Safeguards Agreements—WTO members appear to have initiated cases, first under the Subsidies Agreement, followed by the Antidumping Agreement, and most recently under the Safeguards Agreement. In 1996 to 1998, some 8 to 11 cases per year were initiated under the Subsidies Agreement before falling in 1999 to only 3 cases.⁴⁶ But

⁴⁶ Since 1999, the initiation of subsidy cases has fluctuated upward to reach seven in 2002 before falling off to four cases in 2003.

as cases brought under the Subsidies Agreement peaked and then declined, the initiation of cases under the Antidumping Agreement appeared to increase until peaking in 2000 with 10 cases, before subsiding thereafter to half that number by 2003. Lastly, once initiation of dispute cases involving antidumping issues subsided, the initiation of safeguard cases rose sharply from 3-4 cases per year 1996 to 7 cases in 2001 and 11 cases in 2002 before falling by 2003 to zero cases.

Dispute-settlement panels

According to WTO data, nearly half of all cases (49 percent) initiated have led to establishment of a panel over the time period examined.⁴⁷ A total of 148 panels have been established initially, consolidated later to 119 panels covering distinct matters. On average, requests to establish a panel have come 150 days after the initial request for consultations,⁴⁸ with establishment of a panel coming 49 days on average following a request. On average, panels have been composed roughly 62 days after their establishment.⁴⁹ In 49 of the 119 panels, participants have requested the Director-General to become involved in composing a panel, a procedure permitted if parties to a dispute cannot agree on panelists within 20 days of establishment of a panel.

Panel proceedings from establishment of a panel to circulation of the final panel report to all WTO members have taken on average 12 months and 6 days.⁵⁰ Measured from the composition of a panel to circulation of the initial panel report to just the parties involved, panel proceedings have lasted on average 8 months and 24 days.⁵¹ On average, the final panel report has been circulated to WTO members 5 weeks and 3 days after being issued to the parties involved.⁵²

Appeals

The appeals procedure to the WTO Appellate Body (AB) came into being establishment of the WTO.⁵³ The WTO appellate procedure considers (1) appeals of panel judgments ("original" panel reports) under DSU Art. 6, and (2) appeals regarding implementation of already issued judgments under DSU Art. 21. The report indicates that, of "original" panel reports, 54 have been appealed since 1995,⁵⁴ which the WTO reported as 74 percent. Of implementation appeals, 8 of 12 panel

⁴⁷ WTO, Statistical Information on Recourse to WTO Dispute Settlement Procedures, JOB(03)/225, pp. 4-6.

⁴⁸ Requests to establish a panel following consultations have ranged from 38 days to 737 days.

⁴⁹ Composition time has ranged from 12 to 189 days.

⁵⁰ Panel proceedings have ranged from 7 months, 12 days to 17 months, 15 days.

⁵¹ This measure of panel proceedings has ranged from 4 months, 21 days to 15 months, 26 days.

⁵² Initial to final report periods have ranged from 1 week to just over 14 weeks.

⁵³ WTO, Statistical Information on Recourse to WTO Dispute Settlement Procedures, JOB(03)/225, pp. 6-7.

⁵⁴ Although not all panel findings were appealed in each case.

reports circulated have been appealed. Overall, the AB has heard 62 appeals regarding 52 distinct matters. AB reports have been circulated on average 90 days following notification of an appeal.⁵⁵

Implementation: Reasonable period of time

Of 59 reports adopted from January 1995 through October 2003 where a measure was found inconsistent under a WTO agreement, a reasonable period of time for implementation was determined in 51 instances.⁵⁶ During the period, there were 16 arbitration cases to determine a reasonable period of time for implementation under DSU Art. 21.3(c), relating to 26 disputes. The arbiters' awards were circulated 135 days on average after adoption of the relevant DSB recommendations, and 54 days after appointment of an arbiter.

A reasonable period of time in which to implement adopted recommendations determined by the AB through arbitration was on average a range between 8 months and just over 15 months from the adoption of the report, although shorter periods of time have been mutually agreed under this appeals procedure.⁵⁷

Implementation: Compliance determination

The report states that compliance proceedings took place in 13 cases, covering 11 distinct matters, which the WTO reported as 18 percent of cases where a violation was found under covered agreements.⁵⁸ Eight of these compliance reports were appealed. Twelve compliance reports were adopted by regular panels, plus eight AB compliance reports. Compliance proceedings last between 90 and 205 days on average for a panel—from referral of the matter to general circulation of the compliance panel report—whereas AB compliance proceedings last between 60 and 91 days on average. In 9 of 12 instances where a compliance panel was established, the parties agreed to a bilateral solution.

Retaliation (Suspension of concessions)

From 1995 through October 2003, authorization to suspend concessions was granted seven times, involving six distinct disputes that concerned five distinct matters.⁵⁹ The WTO reports this authorization to suspend concessions or other obligations (so-called

⁵⁵ Ranging from 47 to 114 days.

⁵⁶ WTO, Statistical Information on Recourse to WTO Dispute Settlement Procedures, JOB(03)/225, pp. 7-8. In the remaining eight cases, the measure found to be inconsistent terminated or ceased to apply in some manner.

⁵⁷ When the inconsistent measures were found to be prohibited export subsidies the panel recommended a 90-day period as set under Art. 4.7 of the WTO Agreement on Subsidies and Countervailing Measures.

⁵⁸ WTO, Statistical Information on Recourse to WTO Dispute Settlement Procedures, JOB(03)/225, p. 8.

⁵⁹ Ibid., p. 9.

retaliation) as 2 percent of all disputes initiated and 8 percent of dispute cases where measures have been found in violation of a covered WTO agreement. All these cases involved arbitration to determine the level of concessions to be suspended, with the annual amounts authorized for retaliation ranging from \$7.6 million to US\$4.043 billion.

Mutually agreed solutions

The report states that mutually agreed settlements were notified to the DSB in 47 cases, of which 29 settlements were announced before establishment of a panel, 10 during panel proceedings, and eight during the compliance phase.⁶⁰ The report indicates that in 12 other cases, the measures in dispute were modified or terminated such that dispute-settlement proceedings were no longer required. Also, the authority for four panels lapsed after a suspension in dispute proceedings exceeding 12 months.

Organization for Economic Cooperation and Development

In 2003, the OECD Trade Committee devoted major attention to preparations for and subsequent assessment of the WTO Fifth Ministerial Conference in Cancun, Mexico, taking advantage of a forum in which to address differing viewpoints among OECD members in a nonnegotiating setting. The committee also considered of work in progress done within the Trade Directorate and in conjunction with other directorates; prepared for the OECD ministerial council meeting, held April 29-30, 2003; dealt with internal matters such as electing new officers for 2004; and surveyed members about core work and medium-term work priorities. The committee held consultations with the Business and Industry Advisory Committee as well as civil society organizations (also known as nongovernmental organizations or "NGOs").

Doha Multilateral Trade Negotiations

At the 136th session of the OECD Trade Committee, held March 10-11, 2003, delegates exchanged contrasting views concerning the state of the WTO Doha multilateral trade negotiations.⁶¹ Whereas some considered negotiations more advanced than at an equivalent stage in the Uruguay Round, others pointed out missed deadlines in a number of areas. An area of particular interest discussed by delegates was the Singapore issues of investment, competition policy, transparency in government procurement, and trade facilitation. Delegates considered negotiations

⁶⁰ Ibid., pp. 9-10.

⁶¹ OECD, Summary Record of the 136th Session of the Trade Committee – Paris, 10-11 March 2003, TD/TC/M(2003)2/PROV, Apr. 15, 2003, par. 5-7.

on these subjects to be already authorized by the Doha declaration, awaiting only for modalities to be decided at the Cancun ministerial meeting. Delegates also indicated that the group of issues should be unbundled, so that progress in any one area would not be hindered by lesser progress in another.

At the 137th session of the Trade Committee, held October 21-22, 2003, delegates assessed the failure of the Cancun WTO ministerial conference to move forward with the Doha Development Agenda and its multilateral trade negotiations.⁶² The summary report of their meeting indicates that the delegates found it unclear whether negotiations could move forward based on the elements under discussion at Cancun or whether the Doha declaration needed to be reinterpreted or the level of ambition for the negotiations needed to be revised. The timeframe for the negotiations was also unclear now, given the uncertainties surrounding what new basis for continued negotiations might be reached.⁶³ Delegates were reported to view as a positive development the more active involvement of developing countries in the negotiations, and their beginning to differentiate among themselves and their various needs along lines of their different stages of economic development.⁶⁴ Delegates expressed the view that they considered this helpful toward developing distinctions necessary to better target needed adjustment measures and capacity building assistance, as well as being useful in developing measures for more effective special and differential treatment.

Work in Progress

For 2003, the OECD Trade Directorate reported a number of projects in progress, centered largely on issues related to (1) the Doha Development Agenda, and (2) trade in services.⁶⁵ Regarding the Doha round, work in progress covered subjects involving trade in agriculture, as well as a number of projects addressing trade in nonagricultural market access. Among the latter, ongoing research addressed possible welfare gains from multilateral tariff liberalization, analysis of nontariff trade barriers, and the likely impact of tariff liberalization on government revenues. Other Doha-directed analysis addressed the Singapore issues of trade and environment, investment, and trade facilitation. In the area of economic development related to the Doha round, OECD Trade Directorate projects considered aspects of special and differential treatment; trade, debt, and finance; and the development dimension of trade-related intellectual property rights.

Regarding trade in services, the directorate has focused on services and trade in services in Southeastern Europe, as well as work concerning public services, and

⁶² OECD, Summary Record of the 137th Session of the Trade Committee – Paris, 21-22 October 2003, TD/TC/M(2003)4/PROV, Dec. 12, 2003, par. 1-10.

⁶³ OECD, Summary Record of the 137th Session of the Trade Committee – Paris, 21-22 October 2003, TD/TC/M(2003)4/PROV, Dec. 12, 2003, par. 1.

⁶⁴ *Ibid.*, par. 5.

⁶⁵ OECD, 137th Session of the Trade Committee – Work in Progress – 21-22 October 2003, TD/TC/RD(2003)6, Oct. 15, 2003.

education and health services. Other work in progress includes projects addressing regulatory reform, structural adjustment in the global textiles and clothing sectors, as well as outreach activities to developing countries that included a regional forum on trade held in Nairobi, Kenya, and continued dialogue on trade policy with the transition economies largely from Eastern Europe moving from more centrally planned to market economies.

Work involving export credits continued in 2003, working on subjects related to the environment, bribery, and unproductive expenditures involving export credits for the Heavily Indebted Poor Countries.

Other Business

The Trade Committee addressed other business items related to preparations for the OECD ministerial meeting, as well as for a supporting role in the WTO Fifth Ministerial Conference; consultations with civil society organizations concerning issues important to nongovernmental bodies and with the Business and Industry Advisory Committee concerning labor practices; and elections of new representatives to the Trade Committee bureau for 2004.⁶⁶

APEC

The Asia-Pacific Economic Cooperation (APEC) was established in 1989. The major purpose of APEC is to facilitate economic growth, cooperation, trade and investment in the Asia-Pacific region. Unlike the WTO, APEC has no treaty obligations required of its participants. In APEC, decisions are made on the basis of consensus and commitments are undertaken on a voluntary basis. During 2003, 21 member economies were in APEC.⁶⁷ The member economies are Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Republic of the Philippines, the Russian Federation, Singapore, Chinese Taipei, Thailand, the United States of America, and Viet Nam.⁶⁸ Each year one of the APEC economies hosts the APEC meetings and serves as the APEC chair. The APEC host economy chairs the annual economic leaders' meeting, selected ministerial meetings, senior officials meetings, the APEC Business Advisory Council, and the APEC Study Centres

⁶⁶ OECD, Summary Record of the 136th Session of the Trade Committee, par. 3-8, 11-15; Summary Record of the 137th Session of the Trade Committee, par. 31-35.

⁶⁷ For background information on APEC, see USITC, *The Year in Trade: OTAP, 1994*, USITC publication 2894, pp. 35-39. APEC refers to its members as economics in order to encompass the wide diversity of its membership.

⁶⁸ APEC, "About APEC," found at http://www.apecsec.org.sg/apec/about_apec.html.

Consortium.⁶⁹ Future APEC ministerial meetings will be held in Chile in 2004, Korea in 2005, Viet Nam in 2006, Australia in 2007, and Peru in 2008.⁷⁰

At the 2003 APEC ministerial held in Bangkok, Thailand, in November, APEC ministers discussed how to reinvigorate the WTO Doha negotiations, how to address regional security challenges, and infectious diseases.⁷¹ With regard to the WTO, in their joint statement, ministers expressed regret concerning the missed opportunity in Cancun, Mexico, in September 2003, but noted that progress had been made in some areas including TRIPs and access to certain essential medicines. They noted that a successful outcome is necessary for strengthening the global trading system. They recognized APEC's capacity-building contributions and reaffirmed the importance of WTO capacity-building activities in the future. Ministers recognized that intra-APEC regional trade agreements/free trading arrangements could contribute to APEC's goals of free and open trade and investment, provided that they are consistent with WTO rules and disciplines.⁷²

In other major areas, APEC ministers took the following actions:

- Structural Reform: Ministers adopted the APEC Structural Reform Action Plan as a unified framework for helping build economies' capacity to undertake structural reform.
- Trade and Investment Liberalization and Facilitation: Ministers endorsed the 2003 Committee on Trade and Investment (CTI) annual report.
- Individual and Collective Action Plans (IAPs and CAPs): Ministers reaffirmed their commitment to achieve the Bogor goals through actions in their IAPs. They endorsed measures taken by economies on trade facilitation and welcomed the new chapter on the APEC food system, which combines development of rural infrastructure, dissemination of technological advances in food production and processing, and liberalization and promotion of trade in food products. Ministers also welcomed the Strengthening Economic Legal Infrastructure mechanism that was agreed on last year.⁷³

Australia, Canada, Hong Kong, China, Japan, Korea, Mexico, New Zealand, and Thailand participated in peer reviews on their IAPs in 2003. Ministers reaffirmed their commitment to complete all 21 IAP peer reviews by 2005.⁷⁴

Ministers instructed Senior Officials to review and progressively improve the CAPs to produce tangible benefits to the business community and to meet Bogor goals, as follows:

⁶⁹ Ibid.

⁷⁰ APEC, "Fifteenth APEC Ministerial Meeting, Joint Statement," found at http://www.apec.sec.org.sg/apec/ministerial_statements/annual_ministe..., retrieved Oct. 22, 2003.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid. The Bogor Declaration of 1994 committed APEC to achieving free and open trade and investment no later than 2010 and for developing economies no later than 2020. APEC Secretariat, "APEC" 1995.

- **Pathfinder Initiatives:** Pathfinder initiatives allow economies to initiate and implement cooperative arrangements ahead of others. Ministers urged economies to participate in Pathfinder initiatives. They welcomed progress so far to implement work in e-commerce, services, intellectual property, and tariff areas.
- **APEC Business-Government Dialogues:** Ministers welcomed the business-government understanding that has been achieved as a result of the Automotive and Chemical Dialogues.
- **Economic and Technical Cooperation and Capacity Building:** Ministers endorsed a list of Economic and Technical Cooperation (ECOTECH) priorities to guide APEC's contribution to the economic and social development of the region. APEC will focus on promoting the development of knowledge-based economies in the region.
- **Intellectual Property Rights:** Ministers committed to continuing close cooperation within APEC aimed at improving IPR facilitation, protection, and enforcement and endorsed the establishment of IPR Service Centers.
- **Cybersecurity:** APEC welcome the Cybercrime Legislation and Enforcement Capacity Building Project and called for further work by APEC to develop laws and procedures to facilitate the investigation and prosecution of cross-jurisdictional cybercrime.
- **Electronic Commerce:** Ministers welcomed the work of senior officials in this area. They highlighted the importance of senior officials completing the APEC Data Privacy Principles, which will help APEC economies develop privacy laws and regulations.
- **E-Learning:** Ministers welcomed the development of a five-year strategic plan for e-learning in the region including recommendations for improving students' and teachers' access to the Internet, availability of innovative educational content using the Internet, teachers capacity to use technology, and for addressing policy issues raised in implementing e-Learning efforts across APEC.
- **Severe Acute Respiratory Syndrome (SARS):** Ministers recognized the human and economic impact of SARS on APEC economies, individually and collectively, and the importance of preventing future outbreaks of SARS and other infectious diseases.
- **Social Safety Nets and Workforce Retraining:** Ministers stressed the need for addressing the social dimensions of globalization and commended the initiatives undertaken by APEC.
- **Financial Architecture:** Ministers recognized the benefits of the financial cooperation to pursue the shared vision of establishing a sound and resilient financial system. They welcomed APEC finance ministers' work on the promotion of a regional bond market.

- Economic Research and Analysis: Ministers endorsed several economic reports and welcomed the 2003 Economic Outlook.
- SMEs and Micro-Enterprises: Ministers welcomed the establishment of an APEC Sub-Group on Micro-enterprises and endorsed the Micro-Enterprise Development Action Plan.⁷⁵

Following the APEC ministerial meeting, APEC leaders issued a statement: "A World of Differences: Partnership for the Future." In their statement, the Leaders agreed to strengthen the APEC partnership to liberalize and facilitate regional trade and investment and to protect APEC economies against threats of terrorism.⁷⁶ APEC leaders offered support for the Doha agenda and agreed to:

- Press for an ambitious and balanced outcome to the Doha agenda;
- Re-energize the negotiation process;
- Work towards the abolition of agricultural export subsidies and unjustifiable export prohibitions and restrictions;
- Coordinate among multilateral, regional, and bilateral free trade frameworks so that they are complementary and mutually reinforcing;
- Support early accession for the Russian Federation and Vietnam to the WTO;
- Continue to work on WTO capacity and confidence building;
- Instruct APEC ministers to take concrete steps to make APEC's trade agenda more supportive of the WTO and report on progress in 2004;
- Work with the APEC Business Advisory Council (ABAC) and the business community to continue to implement the Shanghai Accord and Los Cabos directives to facilitate business activity in the APEC region; including the reduction transaction costs by the year 2006.
- Advance all pathfinder initiatives; including a digital Economy Statement to, e.g. stop optical disk piracy.
- Fight corruption by working in 2004 to develop specific domestic actions to combat it.⁷⁷

One section of the Leaders' statement included provisions aimed at combating terrorism and eliminating the dangers posed by weapons of mass destruction. Separate APEC initiatives on counterterrorism were announced prior to the APEC meetings.⁷⁸

⁷⁵ Ibid.

⁷⁶ APEC, 2003 Leaders' Declaration, "Bangkok Declaration on Partnership for the Future," found at http://www.apecsec.org.sg/apec/leaders_declarations/2003.html, retrieved, Oct. 22, 2003.

⁷⁷ Ibid.

⁷⁸ For further information, see Fact Sheet, White House, "New APEC Initiatives on Counterterrorism," found at <http://www.state.gov/p/eap/rls/fs/25428.htm>, retrieved Oct. 22, 2003.

APEC leaders welcomed APEC's activities on sustainable economic development including making it more effective, better focusing and strengthening its work on economic and technical cooperation and increasing its interaction with international financial institutions, the private sector and other outside organizations.⁷⁹ For the future, APEC leaders agreed to: strengthen efforts to empower people and societies, including women and youth; strengthen small- and medium-sized enterprises; increase efforts to build knowledge-based economies; strengthen regional efforts to promote sound and efficient financial systems and fundamentals; accelerate structural reform in the APEC region, and make APEC more responsive to all stakeholders.⁸⁰

⁷⁹ APEC, 2003 Leaders' Declaration, "Bangkok Declaration on Partnership for the Future," found at http://www.apecsec.org.sg/apec/leaders_declarations/2003.html, retrieved Oct. 22, 2003.

⁸⁰ Ibid.

CHAPTER 4:

U.S. Free Trade Agreements

The United States participated in five operative free trade agreements (FTAs) as of December 31, 2003. The U.S.-Israel FTA was implemented in 1985, the North American Free Trade Agreement (NAFTA) in 1994, the U.S.-Jordan FTA in 2000, the U.S.-Chile FTA in 2003, and the U.S.-Singapore FTA in 2003.¹ In 2003, the President notified Congress of his intention to launch FTA negotiations with Australia and Bahrain. Also, the Administration launched negotiations with the countries of the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland) on June 2, 2003. During 2003 the United States continued negotiations which began in 1994 with 34 other democratic countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas (FTAA). On January 25, 2004, the United States concluded the Central America Free Trade Agreement (CAFTA) with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua)² and on March 2, 2004, an FTA was concluded with Morocco.³

North American Free Trade Agreement⁴

U.S. Trade with NAFTA Partners

The North American Free Trade Agreement (NAFTA), which came into effect January 1, 1994, created the world's largest trading area. Total trade with NAFTA partners increased by 3 percent in 2003 compared to 2002, with U.S.-Canada trade totaling \$372.8 billion in 2003 and U.S.-Mexico trade totaling \$220.3 billion (table 4-2). In 2003, total U.S. trade with Canada and Mexico increased over the 2002, after declining in 2002 from the 2001 level. The U.S. trade deficit with NAFTA partners increased for the third year in a row growing 15 percent from \$112.2 billion in 2001 to \$129.4 billion in 2003.

¹ For background information on the U.S.-Israel, U.S.-Jordan, U.S.-Chile, and U.S.-Singapore FTAs, see USITC, The Year in Trade: Operation of the Trade Agreements Program, 54th Report, USITC publication 3630, Aug. 2003, pp. 4-1 through 4-15

² On March 15, 2004, the United States and the Dominican Republic concluded trade talks integrating the Dominican Republic into the CAFTA.

³ Information was obtained from USTR at <http://www.ustr.gov>, Apr. 25, 2004. On February 8, 2004, the United States and Australia concluded an FTA. Table 4-1 summarizes the status of U.S. FTA negotiations as of December 31, 2003, and information regarding selected 2003 FTA negotiations is provided in the following section.

⁴ U.S. bilateral relations with Canada and Mexico are discussed in Chapter 5.

Table 4-1
Status of U.S. FTA negotiations, as of December 31, 2003

FTA	Partner(s)	Date negotiations began/ notified to Congress	Status of negotiations
U.S.-Israel	Israel	N/A	Implemented 1985
U.S.-Jordan	Jordan	N/A	Implemented 2000
NAFTA	Canada, Mexico	N/A	Implemented 1994
U.S.-Bahrain	Bahrain	Negotiations began Jan. 26, 2000.	N/A
U.S.-Chile FTA	Chile	Negotiations began Dec. 6, 2000.	FTA signed June 6, 2003.
U.S.-Singapore FTA	Singapore	Negotiations began Nov. 16, 2000.	FTA signed May 6, 2003.
Free Trade Area of the Americas (FTAA)	33 democracies of the Western Hemisphere ¹	Negotiations began April 19, 1998.	Market access negotiations began May 15, 2002. Offers for agricultural and industrial products, services, investment, and government procurement were presented between Dec. 15, 2002 and Feb. 15, 2003, with submissions of requests for improvements to the offers made between Feb. 16, 2003 and June 15, 2003.
U.S.-Central America Free Trade Agreement	Honduras, Nicaragua, Costa Rica, El Salvador, and Guatemala	President notified Congress of intention to negotiate Aug. 22, 2002. Negotiations began Jan. 8, 2003.	Negotiations initiated Jan. 8, 2003. Four rounds of negotiations completed as of June 2003. The United States tabled text on rules of origin in March 2003, and text on market access proposals for agricultural and industrial goods in May 2003. The U.S. administration discussed the possibility of allowing the Dominican Republic to become a party to the CAFTA.
U.S.-Morocco FTA	Morocco	President notified Congress of intention to negotiate Aug. 22, 2002. Negotiations began Jan. 21, 2003.	The first round of negotiations concluded in late January 2003, and a second round was held in March 2003. Established March 2, 2004.
U.S.-South African Customs Union FTA	Botswana, Lesotho, Namibia, South Africa, and Swaziland	President notified Congress of intention to negotiate Nov. 5, 2002. Negotiations began June 2, 2003.	First round of negotiations occurred in June 2003.
U.S.-Australia FTA	Australia	President notified Congress of intention to negotiate Nov. 13, 2002. Negotiations began March 19, 2003.	Negotiation rounds held in March, May, and July 2003. FTA signed February 8, 2004.
U.S.-Taiwan FTA	Taiwan	Not applicable	No negotiations have begun. On Nov. 6, 2001, Senator Max Baucus (D-Montana) introduced legislation to establish a U.S.-Taiwan FTA. On Jan. 17, 2002, the U.S. Senate Committee on Finance formally requested USITC to conduct an assessment of the economic effects of a U.S.-Taiwan FTA. The USITC report ² was delivered to Congress in October 2002.

¹ The 33 other FTAA countries are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent and the Grenadines, St. Lucia, St. Kitts and Nevis, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

² USITC, U.S.-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement Between the United States and Taiwan, Investigation No. 332-438, USITC publication 3548, October 2002.

Sources: Compiled by the Commission from multiple sources, including: U.S. Department of State telegram, "Successful Round 1 of U.S.-SACU Free Trade Negotiations," message reference No. 02978, prepared by U.S. Embassy Pretoria, June 6, 2003; U.S. Department of State telegram, "U.S.-Morocco Free Trade Agreement Update," message reference No. 2855, prepared by U.S. Embassy, Rabat, Jan. 8, 2003; and, USTR, "Free Trade Agreement Negotiations, found at <http://www.ustr.gov/new/fta/index.htm>, retrieved July 29, 2003.

Table 4-2
U.S. trade with NAFTA partners, 2001-03

(Billion dollars)

Year	NAFTA partner	Exports	Imports	Trade balance	Two-way trade
2001	Canada	144.6	216.8	-72.2	361.5
	Mexico	90.5	130.5	-40.0	221.0
	Canada and Mexico ..	235.2	347.3	-112.2	582.5
2002	Canada	142.5	210.5	-68.0	353.1
	Mexico	86.1	134.1	-48.0	220.2
	Canada and Mexico ..	228.6	344.6	-116.0	573.3
2003	Canada	148.8	224.1	-75.3	372.9
	Mexico	83.1	137.2	-54.1	220.3
	Canada and Mexico ..	231.9	361.3	-129.4	593.1

Note.—Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

The following sections discuss the major activities of the NAFTA Free Trade Commission, the Commission for Labor Cooperation, the Commission for Environmental Cooperation, and dispute settlement activities under NAFTA chapters 19 and 20 during 2003.

Free Trade Commission

The NAFTA is overseen by the Free Trade Commission, which comprises the trade ministers of each member country⁵ and meets on an annual basis to discuss past successes and future goals. Mandates are carried out by various committees and workgroups made up of relevant government officials from the three countries. The Free Trade Commission held its annual meeting in Montréal, Québec, Canada, on May 7, 2003, and issued a Joint Statement⁶ which looked favorably at the achievements of the last 10 years, and pledged a continued commitment to multilateral trade and investment liberalization. The Joint Statement also:

- Evaluated the NAFTA's impact on its member countries, concluding that "it is an outstanding demonstration of the rewards that flow to outward-looking, confident countries that implement policies of trade liberalization as a way to increase wealth, improve competitiveness and expand benefits to consumers, workers, and businesses;"⁷

⁵ U.S. Trade Representative represents the United States, the Secretary of Economy represents Mexico, and Minister for International Trade represents Canada.

⁶ USTR, "NAFTA Free Trade Commission Joint Statement Celebrating NAFTA at Ten," Montréal, Québec, Canada, May 7, 2003," press release.

⁷ Ibid.

- Stressed the significant increase in trade and investment that has occurred since the NAFTA's implementation, citing that three-way trade among member countries has reached over US\$621 billion, more than double the pre-NAFTA level, and that Foreign Direct Investment (FDI) into the NAFTA countries also doubled, reaching a figure of US\$299.2 billion in the year 2000; and Reaffirmed a commitment to ensuring that economic integration is accompanied by better environmental performance and improved working conditions as set forth under the North American Agreement on Environmental Co-operation and the North American Agreement on Labor Co-operation.⁸

At the May 2003 meeting, the Free Trade Commission reviewed "outcomes" from a set of mandates that had been issued at the April 2003 Commission meeting in Puerto Vallarta, Mexico:

- The Investment Experts Group (IEG), which had been tasked with examining the investment chapter of the NAFTA, presented its recommendations for review in Montréal. The recommendations were agreed upon and shall have the effect of establishing formal procedures regarding submissions from non-disputing parties, and the implementation of a standard form for Notices of Intent to Submit a Claim to Arbitration. This is expected to enhance the transparency and efficiency of the investor chapter's investor-state dispute settlement process. The members attributed this progress to the efforts of the Council of the Commission for Environmental Cooperation (CEC), and the Joint Public Advisory Committee (JPAC), which both had important hands in the consultations;
- The recommendation of the NAFTA Temporary Entry Working Group has been accepted, and temporary entry for actuaries and plant pathologists will be granted. This change will be implemented trilaterally on February 1, 2004, and will be included in Appendix 1603.D.1 (Professionals) of the NAFTA;
- Signed by representatives of the professional accounting organizations of Canada, Mexico, and the United States, the Mutual Recognition Agreement has been accepted by the Free Trade Commission. This agreement will facilitate the recognition of credentials within the three NAFTA countries and is a positive step in the development in the cross-border trade in services;
- The Commission welcomed the establishment of the North American Steel Trade Committee, which met for the first time on November 21, 2003, in Mexico City. The Committee hopes to promote cooperation among the three NAFTA governments on international steel policy matters, and is intended to serve as a center for information exchange and dialogue;

⁸ January 1, 2004, will mark 10 years since the North American Agreement on Environmental Co-operation and the North American Agreement on Labor Co-operation entered into force.

- The Commission has accepted the recommendation of the NAFTA Advisory Committee on Private Commercial Disputes, which calls for the adoption of the “UNCITRAL Model Law on International Commercial Conciliation.” It is hoped that by establishing a harmonized legal framework within the NAFTA region, private commercial disputes will be resolved more effectively.⁹

On October 7, 2003, the Free Trade Commission agreed to pursue further liberalization of the NAFTA rules of origin according to the requirements as outlined in section 202 of the North American Free Trade Implementation Act, and also agreed to commence a study of the Most Favored Nation (MFN) tariffs of each of the Parties.¹⁰ The NAFTA rules of origin provide for preferential tariff and trade treatment of goods of U.S., Canadian, and Mexican origin, pending successful completion of the general NAFTA rules of origin. Since NAFTA entered into force, the Parties have modified many of the rules of origin, conforming them to tariff classification changes, thus making them less restrictive and less burdensome to the administrator. In reference to the tariff harmonization study, that since 1994, the Parties have undertaken four separate tariff acceleration exercises, speeding the elimination of tariffs on several hundred line items that have covered billions of dollars in trade. Under NAFTA article 308, the three countries harmonize at zero tariff rate duties for computers/computer parts, local area network equipment and semiconductors. Further consultations will be held with a variety of domestic industries in the hopes that more products can be covered by this exercise. The Free Trade Commission has agreed that the United States will host the 2004 Ministerial meetings.

Commission for Labor Cooperation

The Commission for Labor Cooperation (CLC) was formed under the North America Agreement on Labor Cooperation (NAALC). The NAALC is a side-agreement to NAFTA, implemented to ensure January 1, 1994, and intended that NAFTA-related economic integration improves working conditions and living standards and increases adherence to basic labor law principles by each country. The NAALC is administered by the Commission for Labor Cooperation (CLC), which is overseen by a Council comprising the three NAFTA member labor ministers. Each member has a National Administrative Office (NAO) to ensure the implementation of the NAALC and to investigate any violation of the agreement. In the United States, a 12-member National Advisory Commission drawn from academia, business, and labor groups advises the NAO. If the NAO determines that a violation of the agreement has occurred, the matter is then referred to the CLC Council to hold ministerial consultations with the respective party to resolve the issue.

⁹ Previous information summarized: from USTR, “NAFTA Free Trade Commission Joint Statement Celebrating NAFTA at Ten,” Montréal, Québec, Canada, May 7, 2003,” press release.

¹⁰ USTR, “Harmonization of Most Favored Nation Tariff Rates for the United States, Canada, and Mexico; Liberalization of the Rules of Origin Applicable Under Provisions of the North American Free Trade Agreement,” found at <http://search.epnet.com/direct.asp?an=CX2003346U6030&db=bwh>, retrieved Jan. 8, 2004.

The North American Labor ministers held their Seventh Ministerial Meeting in Washington, D.C., on November 13, 2003, to review the substantially increased cooperation that has taken place in the area of worker's rights since the NAFTA's inception 10 years ago.¹¹ The major conclusions¹² of the review were to:

- Continue the discussion about timely labor issues facing the three countries. Such issues include developing the skills needed for the 21st-century workforce, introducing the social and labor components of hemispheric integration, and improving migrant worker rights;
- Solicit public views on the progress and efficiency of the NAALC;
- Announce the release of the second edition of a major report on North American labor markets entitled *North American Labor Markets: Main Changes Since NAFTA*, which provides data on labor market issues such as unemployment, productivity, hours of work, and classes of unemployment; and
- Announce the release in 2004 of the *North American Migrant Workers' Guide* produced by the Secretariat; the guide is intended to ensure that migrant workers in North America know their labor rights and understand how they are enforced in each country (the Council also approved a plan for the promotion and distribution of the guide in each country).

In 2003, the CLC undertook ministerial consultations on three public submissions that raised issues concerning freedom of association and the right to bargain collectively in Mexico.¹³ Under the NAALC, domestic interest groups can submit requests to their national NAO offices to investigate alleged violations of the NAALC or the labor laws of another country. The consultations were held in Monterrey, Mexico, on March 20, 2003, at the Labor Boards in North America Trilateral Seminar. Consistent with the ministerial agreements, the 2003 seminar provided the opportunity for U.S. experts representing the National Mediation Board, the National Labor Relations Board, and the Federal Mediation and Conciliation Board, along with their counterparts from Mexico and Canada, to discuss: labor law and practice governing labor members and officials; their structure and responsibilities; the rules and procedures to assure their impartiality; their role in the process of gaining the right to a collective bargaining contract; and the types of unions and their relevant rights.¹⁴ The summit concluded with panelists and audience members exchanging views over labor board practices in each Member Country.

¹¹ Commission of Labor Cooperation (CLC), "North American Labor Ministers Meet to Discuss Program of the NAFTA Labor Commission," found at <http://www.naalc.org/english/announce8.shtml>, retrieved Jan. 8, 2004.

¹² Ibid.

¹³ The three public submissions in question were numbers 9702 (Han Young), 9703 (ITAPSA), and 9901 (TAESA), and can be found at http://www.naalc.org/english/summary_usa.shtml.

¹⁴ U.S. Department of Labor, NAO Cooperative Activities, "2003 Cooperative Activities Work Programs," found at <http://www.dol.gov/ilab/programs/coopact/prevcoopact.htm>, retrieved Jan. 8, 2004.

One new submission was filed in 2003. U.S. NAO Submission 2003-1 (Puebla) was filed on September 30, 2003, by the United Students Against Sweatshops (USAS) and the Centro de Apoyo al Trabajador concerning conditions at a garment factory in the State of Puebla, Mexico.¹⁵ An amendment filed on November 10, 2003, raises similar enforcement issues concerning another garment factory also located in the State of Puebla. The submission and the amendment allege violations under the NAALC concerning freedom of association and the right to organize; collective bargaining, occupational safety and health; minimum employment standards (minimum wage and overtime pay); and access to fair and transparent labor tribunal proceedings. In particular, the petitioners allege that workers were illegally denied the right to form an independent union, laws against phantom unions were not enforced. The National Administrative Office will examine the submission to decide whether to accept it for review.¹⁶

Also in 2003, the Council agreed that the three NAFTA countries and the Secretariat would develop a plan to make a North American contribution to the implementation of the Action Plan of the 13th Inter-American Conference of Ministers of Labor. This forum, designed to address the labor dimensions of globalization in the Americas and to strengthen the capacity of North American labor ministries, took place on September 24, 2003 in Salvador da Bahia, Brazil.¹⁷

In 2004, the Council for the Commission for Labor Cooperation will be undertaking its second, mandatory four-year review of the North American Agreement on Labor Cooperation (NAALC), covering the period from 1999 to the present.¹⁸

Commission for Environmental Cooperation

At the same time, the NAFTA partners wanted to ensure that environmental safeguards were built alongside the trade liberalization pact. They therefore signed an accord, the North American Agreement for Environmental Cooperation (NAAEC), to address potential trade-related environmental concerns.¹⁹ The Commission for Environmental Cooperation (CEC) was created to oversee implementation of the NAAEC. Its governing Council consists of the Canadian Environment Minister, the Mexican Secretary for Environment and Natural Resources, and the U.S.

¹⁵ U.S. Department of Labor, Status of Submissions Under the North American Agreement on Labor Cooperation (NAALC), found at <http://www.dol.gov/ILAB/programs/nao/status.htm#iia1>, retrieved Jan. 22, 2004.

¹⁶ Ibid.

¹⁷ Organization of American States, "Hemisphere's Labor Ministers Meet in Brazil," found at http://www.oas.org/OASpage/press_releases/press_release.asp?sCodigo=E-178/0, retrieved Jan. 12, 2004.

¹⁸ National Administrative Office, U.S. Dept. of Labor, found at <http://www.dol.gov/ILAB/programs/nao/main.htm>, retrieved Jan. 12, 2004.

¹⁹ 2004-2007 Operational Plan of the Commission for Environmental Cooperation at Internet site http://www.cec.org/files/pdf/PUBLICATIONS/2004-2007-Operational-Plan_en.pdf, retrieved Jan. 12, 2004.

Environmental Protection Agency Administrator. Also integral to the mission of the CEC are the Joint Public Advisory Committee (JPAC) and Secretariat. The JPAC consists of five private citizens from each of the NAFTA countries, while the Secretariat is made up of professional staff.²⁰

Articles 14 and 15 of the NAAEC are intended to provide citizens and nongovernmental organizations with a mechanism to aid in the enforcement of environmental laws in the NAFTA countries. Article 14 governs alleged violations submitted for review by the CEC. It sets forth specific guidelines regarding the format and content of valid submissions and appropriate complaining parties and Article 15 outlines the Secretariat's obligations in considering the submissions developing a factual record.²¹ In 2003 the Secretariat published pursuant to the provision of Article 15 the factual records of six pursuant to the provisions of Article 14 files and closed those files.²² Ten files remain active, five of which were first submitted in 2003. A summary of Chapter 14 activity during 2003 is contained within table 4-3. Omitted from the summary is a single file, Home Port Xcaret (03-002), which was terminated on May 14, 2003, after the 30-day term expired without the Secretariat receiving a submission from the complaining party that conformed to article 14(1).²³ A complete list of factual records published under Article 15 during 2003 may be found in table 4-4.

On October 31, 2003, the CEC published a revised draft of its operational plan for 2004-06. The plan lays out four main program goals to be pursued in the years ahead.

1. "To foster understanding of the state of our environment, and its relation to the economy and trade in North America."
2. "To act as a catalyst to improve domestic law and policy, and enhance environmental enforcement and compliance across North America."
3. "To mobilize international cooperation to resolve critical North American environmental issues."
4. "To provide a forum for public dialogue and participation concerning environmental issues in North America."²⁴

The plan elaborates in great detail the short-term objectives, targets, and strategies that will result in fulfillment of the program goals. Also included in the 2004-06

²⁰ USTR Draft Report Section III "Regional Negotiations" Elements of NAFTA Subsection 5: "NAFTA and the Environment."

²¹ NAAEC Articles 14 and 15, found at Internet site http://www.cec.org/pubs_info_resources/law_treat_agree/naaec/naaec05.cfm?varlan=english#14, retrieved Jan. 14, 2004.

²² CEC "Citizen Submissions on Enforcement Matters: Current Status of Filed Submissions," found at Internet site <http://www.cec.org/citizen/status/index.cfm?varlan=english>, retrieved Jan. 14, 2004.

²³ CEC "Citizen Submissions on Enforcement Matters: Home Port Xcaret," found at Internet site <http://www.cec.org/citizen/submissions/details/index.cfm?varlan=english&ID=89>, retrieved Jan. 14, 2004.

²⁴ Ibid.

Table 4-3
Active Chapter 14 files through 2003

Name	Case	First Filed	Country	Status
Alca-Iztapalpa II	SEM-03-004	6/17/03	Mexico	Considering recommendation of a factual record
Cytrar III	SEM-03-006	8/15/03	Mexico	Considering recommendation of a factual record
El Boludo Project	SEM-02-004	8/23/02	Mexico	Considering recommendation of a factual record
Lake Chapala II	SEM-03-003	5/23/03	Mexico	Awaiting response from concerned government party
Molymex II	SEM-00-005	4/6/00	Mexico	The Secretariat placed a work plan and a repository of documents on its web site or otherwise made these available to the public and stakeholders
Montreal Technoparc	SEM-03-005	8/14/03	Canada	Considering recommendation of a factual record
Ontario Logging	SEM-02-001	2/6/02	Canada	The Secretariat has recommended the preparation of a factual record
Ontario Power Generation	SEM-03-001	5/1/03	Canada	Considering recommendation of a factual record
Pulp and Paper	SEM-02-003	5/8/02	Canada	The Council voted to instruct the Secretariat to develop a factual record
Tarahumara	SEM-00-006	6/9/00	Canada	The Secretariat placed a work plan and a repository of documents on its web site or otherwise made these available to the public and stakeholders

Source: North American Commission for Environmental Cooperation.

Table 4-4
Factual records published in 2003 under chapter 15

Name	Case	First Filed	Country	Date Published
Aquanova	SEM-98-006	10/20/98	Mexico	6/23/03
BC Logging	SEM-00-004	3/15/00	Canada	8/11/03
BC Mining	SEM-98-004	6/29/98	Canada	8/12/03
Migratory Birds	SEM-99-002	11/19/99	United States	4/24/03
Oldman River II	SEM-97-006	10/4/97	Canada	8/11/03
Rio Magdalena	SEM-97-002	3/15/97	Mexico	12/11/03

Source: North American Commission for Environmental Cooperation.

operational plan is a discussion of steps necessary to enhance the effectiveness of CEC management.²⁵

The CEC Council held its Tenth Regular Session on June 24-25, 2003. Significant developments at the meeting include Resolution 03-07 (annex D). The resolution adopts a strategic plan for North American cooperation in the conservation of biodiversity.²⁶ Council members directed the Secretariat to “coordinate, seek partners, additional funds, and diverse input”

²⁵ CEC document “Operation Plan for the Commission of Environmental Cooperation 2004-2006” found at Internet site http://www.cec.org/files/PDF/PUBLICATIONS/2004-2007-Operational-Plan_en.pdf, retrieved Jan. 15, 2004.

²⁶ Tenth Regular Session of the Council (CEC) Document C/03-00/SR/01/final.

in their implementation of the plan.²⁷ The Council noted efforts in the area of children's health as well, directing the Secretariat to publish the first CEC report on the subject during 2004. Also to be published in 2004 is a report from the Expert Advisory Board on Children's Health and the Environment outlining progress in the implementation of the Cooperative Agenda on Children's Health and the Environment.²⁸ JPAC took the opportunity to express concern over the timeliness of CEC actions, citing the late release of a draft report and lack of progress on the proposed Environment and Trade ministerial as problematic. The JPAC chairman voiced his desire to engage in an open dialogue with council members about issues that require their attention.²⁹ The CEC also kicked off a 10-year review of NAFTA and the NAAEC at the meeting. The review is aimed at assessing the effectiveness of the CEC and NAAEC.³⁰

Dispute Settlement

Chapter 19 provides for binational review of antidumping (AD) and countervailing duty (CVD) final determinations:

Article 1904 establishes a mechanism to provide an alternative to judicial review by domestic courts of final determinations in antidumping and countervailing duty cases, with review by independent binational panels. A Panel is established when a Request for Panel Review is filed with the NAFTA Secretariat by an industry asking for a review of an investigating authority's decision involving imports from a NAFTA country....

When a dispute arises under Chapter 19, a panel of five members is selected from the national Roster lists. Each government in the dispute (through its trade minister) appoints two panelists, in consultation with the other involved government. (Chapter 19 panels are always binational in composition). The fifth panelist is from one of the two countries and generally alternates with each dispute....

Chapter 19 panels review final antidumping (AD) and countervailing duty (CVD) determinations solely to determine, based on the administrative record, whether the relevant administrative agency applied its national AD/CVD laws correctly. The panels will employ the same standard of review and the same general legal principles, as would a domestic court in the country where the determination was made.

Seven binational panels were formed in 2003 under the provisions of NAFTA chapter 19, which provides for binational panel review in lieu of court review in antidumping and countervailing duty matters. Every panel formed in 2003 involved challenges to U.S. agencies' determinations – i.e., determinations of the USITC and the Department of Commerce (Commerce). All of the six Chapter 19 reviews begun in 2003 were active on January 1, 2004. None of the NAFTA Chapter 7 binational panels issued decisions in 2003. (See table 4-5).

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

U.S.-Morocco Free Trade Agreement³¹

In April 2002, the United States and Morocco agreed to pursue a free trade agreement. On October 1, 2002, USTR notified Congress and trade negotiations were initiated with Morocco in January 2003 and an agreement was signed in March 2004. The U.S. Administration states that a U.S.-Morocco FTA is an integral part of its strategy to create a Middle East Free Trade Area by 2013.³² According to USTR, the agreement negotiated will build on bilateral work begun in 1995 under the U.S.-Morocco Trade and Investment Framework Agreement; support significant economic and political reforms already under way in Morocco; eliminate duties and certain other barriers to trade in goods and services between the U.S. and Morocco; enhance protection of intellectual property rights; and address government procurement, and trade related environmental and labor matters.³³ Currently, U.S. products entering Morocco face an average tariff of over 20 percent while Moroccan products are subject to an average tariff of 4 percent as they enter the United States.

According to USTR, key goals of the FTA are as follows:³⁴

1. Trade in goods: seek to eliminate tariffs and other duties and charges on trade between Morocco and the United States on the broadest possible basis, subject to reasonable adjustment periods for import-sensitive products. Seek to have Morocco join the WTO Information Technology Agreement. Pursue favorable staging of tariff elimination and other market access commitments that improve the competitive position of U.S. goods vis-à-vis the EU. Seek to eliminate Morocco's nontariff barriers to U.S. exports, including licensing barriers, restrictive administration of tariff-rate quotas, unjustified trade restrictions that affect new U.S. technologies, and other trade restrictive measures that U.S. exporters identify. Seek to have the Moroccan Government reform its policies in the agricultural sector, particularly with respect to the grains market. Seek to eliminate Moroccan Government practices that adversely affect U.S. exports of perishable or cyclical agricultural products, while improving U.S. import relief mechanisms. Pursue

³¹ On March 2, 2004, the United States and Morocco signed an FTA that covered more than 95 percent of bilateral trade in consumer and industrial products that will become duty-free immediately upon entry into force of the agreement with the remaining tariffs to be eliminated within nine years.

³² USTR, U.S. and Morocco Conclude Free Trade Agreement, press release, Mar. 2, 2004, found at <http://www.ustr.gov>, retrieved Mar. 23, 2004.

³³ Ibid.

³⁴ Overview of the Dispute Settlement Provisions of the North American Free Trade Agreement (NAFTA) found at http://www.nafta-sec-alena.org/DefaultSite/dispute/index_e.aspx?CategoryID=16 downloaded 6/18/2004.

Table 4-5
NAFTA Chapter 19 binational panels, active reviews in 2003

NAFTA country	Case	National agencies' final determination ¹	Product description
United States	USA-97-1094-10	5 th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-98-1904-02	6 th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-98-1904-05	Final scope ruling	Circular welded non-alloy steel pipe from Mexico
	USA-MEX-2000-1904-06	Full sunset review of antidumping duty order	Gray portland cement and clinker from Mexico
	USA-CDA-2000-1904-06	Full sunset review of antidumping duty order	Pure magnesium from Canada
	USA-CDA-2000-1904-09	5 year reviews of countervailing duty and antidumping duty orders	Magnesium from Canada
	USA-CDA-2000-1904-11	5 year review of final injury determination and antidumping duty orders	Carbon steel products from Canada
	USA-MEX-2001-1904-03	Final results of the full sunset review of the antidumping duty order	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-04	Final result of the 9 th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-2001-1904-05	Final results of the 4 th antidumping duty administrative review and determination not to revoke	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-06	Final results of the five year review of the antidumping duty order	Oil country tubular goods from Mexico
	USA-MEX-2002-1904-01	Dismissal of request to institute a sec. 751 (b) investigation	Gray portland cement and clinker from Mexico
	USA-CDA-2002-1904-02	Final determination of sales at less than fair value	Softwood lumber products from Canada
	USA-CDA-2002-1904-03	Final affirmative countervailing duty order and final negative critical circumstances determination	Softwood lumber products from Canada
	USA-MEX-2002-1904-05	10 th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-2002-1904-07	Final injury determination	Certain softwood lumber products from Canada
	USA-CDC-2002-1904-09	Final injury determination	Carbon and certain alloy steel wire rod from Canada
	USA-CDA-2003-1904-02	Department of Commerce final results of countervailing duty new shipper review	Alloy magnesium from Canada
	USA-CDA-2003-1904-05	Department of Commerce final determination of sales at less than fair value	Certain durum wheat and hard red spring wheat from Canada
	USA-CDA-2003-1904-05	Department of Commerce final affirmative countervailing duty determinations	Certain durum wheat and hard red spring wheat from Canada
USA-CDA-2003-1904-06	USITC final injury determination	Hard red spring wheat from Canada	
USA-MEX-2003-1904-01	Department of Commerce final results final review of the 11 th antidumping duty administrative review	Gray portland cement and clinker from Mexico	

See footnote at end of table.

Table 4-5—Continued
NAFTA Chapter 19 binational panels, active reviews in 2003

NAFTA country	Case	National agencies' final determination ¹	Product description
United States- <i>Continued</i>	USA-MEX-2003-1904-03	Department of Commerce final results final review of the 12 th antidumping duty administrative review	Gray portland cement and clinker from Mexico

¹ In the United States, dumping and subsidy determinations are made by the U.S. Department of Commerce, and injury determinations are made by the U.S. International Trade Commission. In Canada, final dumping and subsidy determinations are made by Revenue Canada (Customs and Excise) and injury determinations are made by the Canadian International Trade Tribunal. In Mexico, all determinations are made by the Secretaria de Economia (formerly the Secretaria de Comercio y Fomento Industrial).

Source: NAFTA Secretariat, found at <http://www.nafta-sec-alena.org/english/indix.htm>, retrieved Apr. 2, 2004.

a mechanism with Morocco that will support achieving the U.S. objective in the WTO negotiations of eliminating all export subsidies on agricultural products, while maintaining the right to provide bona fide food aid and preserving U.S. agricultural market development and export credit programs. Pursue fully reciprocal access to the Moroccan market for U.S. textile and apparel products.

2. Customs matters, rules of origin, and enforcement cooperation: seek rules to require that Morocco's customs operations are conducted with transparency, efficiency, and predictability and that customs laws, regulations, decisions, and rulings are not applied in a manner that would create unwarranted procedural obstacles to international trade. Seek rules of origin, procedures for applying these rules, and provisions to address circumvention matters that will ensure that preferential duty rates under the FTA with Morocco apply only to goods eligible to receive such treatment, without creating unnecessary obstacles to trade. Seek terms for cooperative efforts with the Moroccan Government regarding enforcement of customs and related issues, including trade in textiles and apparel.
3. Sanitary and Phytosanitary (SPS) measures: Seek to have Morocco reaffirm its WTO commitments on SPS measures and eliminate any unjustified SPS restrictions. Seek to strengthen collaboration with Morocco in implementing the WTO SPS Agreement and to enhance cooperation with Morocco in relevant international bodies on developing international SPS standards, guidelines, and recommendations.
4. Technical Barriers to Trade (TBT): Seek to have Morocco reaffirm its WTO TBT commitments and eliminate any unjustified TBT measures. Seek to strengthen collaboration with Morocco on implementation of the WTO TBT Agreement and create a procedure for exchanging information with Morocco.
5. Intellectual property rights: Seek to establish standards to be applied in Morocco that build on the foundations established in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and other international intellectual property agreements.
6. Trade in services: Pursue disciplines to address discriminatory and other barriers to trade in Morocco's services market.
7. Electronic commerce: Seek to affirm that Morocco will allow goods and services to be delivered electronically and seek to ensure that it does not apply customs duties to digital products or unjustifiably discriminate among products delivered electronically.
8. Government procurement: Seek to establish procurement procedures and practices in Morocco for government procurement that are fair, transparent, and predictable.
9. Transparency/anticorruption/regulatory reform: Seek to make the administration of Morocco's trade practices more transparent and seek to

ensure that it applies high standards prohibiting corrupt practices affecting international trade.

10. Trade remedies: Provide a bilateral safeguard mechanism during the transition period. Make no changes in U.S. antidumping and countervailing duty laws.
11. Environment: Seek to promote trade and environment practices that are mutually supportive.
12. Labor, including child labor: Seek an appropriate commitment by Morocco to be effective in enforcement of its labor laws.
13. State-to-state dispute settlement: Seek to establish fair, transparent, timely, and effective procedures to settle disputes arising under the agreement.

Free Trade Area of the Americas

Negotiations for the creation of the Free Trade Area of the Americas (FTAA) continued during 2003.³⁵ The United States and the 33 other Western Hemisphere countries launched the FTAA talks in April 1998, and began market access negotiations in May 2002. Their stated goal is to conclude negotiations by no later than January 2005 so that the FTAA agreement can enter into force by no later than December 2005.³⁶ In 2003, combined U.S. exports to the other 33 FTAA countries totaled \$277.7 billion, and U.S. imports were valued at \$437.8 billion. NAFTA alone accounted for more than 80 percent of that trade.

Before the negotiations began, participants selected countries to chair or co-chair the overall FTAA negotiations. The year 2003 marked the beginning of the final phase of the negotiations, and the first full year with the United States and Brazil as co-chairs. This co-chairmanship is scheduled to lead the FTAA negotiations until they conclude.³⁷

Trade ministers of the respective FTAA countries are responsible for the ultimate oversight and management of the negotiations. The trade ministers established the trade negotiations committee (TNC) at the vice-ministerial level to provide direct guidance and administrative responsibilities for the FTAA negotiations.³⁸ The trade

³⁵ USTR, "U.S. and Morocco Conclude Free Trade Agreement," press release, Mar. 2, 2004, found at <http://www.ustr.gov/releases/2004/03/04-15.pdf>, retrieved Mar. 23, 2004. Notification letter to Congress, USTR, found at http://www.ustr.gov/fta/morocco/house_notification.pdf, retrieved Mar. 24, 2004.

³⁶ For a description of FTAA developments through 2003, see USITC, *The Year in Trade, 2002*, USITC publication 3630, pp. 4-14 to 4-15, and prior reports in this series.

³⁷ At the Third Summit of the Americas in April 2001, and since that time, Venezuela has indicated that it reserves its position with respect to the timing for concluding the negotiations and the date of entry into force of the FTAA. "Third Summit of the Americas: Declaration of Quebec City, April 20-22, 2001," FTAA Official Website, found at http://www.ftaa-alca.org/Summits/Quebec/declara_e.asp, retrieved Mar. 24, 2004.

³⁸ For a description of FTAA developments through 2003, see USITC, *The Year in Trade, 2002*, USITC publication 3630, pp. 4-14 to 4-15, and prior reports in this series.

ministers met at their Eighth Trade Ministerial in Miami in November 2003 to provide guidance for the final phase of the FTAA negotiations. The TNC was instructed to develop the framework for the FTAA negotiations, specifically

[T]o develop a common and balanced set of rights and obligations applicable to all countries. The negotiations on the common set of rights and obligations will include provisions in each of the following negotiating areas: market access; agriculture; services; investment; government procurement; intellectual property; competition policy; subsidies, antidumping, and countervailing duties; and dispute settlement. On a plurilateral basis, interested parties may choose to develop additional liberalization and disciplines. The TNC shall establish procedures for these negotiations The results of the negotiations must be WTO compliant.³⁹

The ministers directed that market access negotiations be completed by September 30, 2004, and reaffirmed their commitment to “the successful conclusion of the FTAA negotiations by January 2005.”⁴⁰ A third draft of the FTAA agreement text was released November 21, 2003. Significant portions of that text were in brackets—i.e., not agreed upon.⁴¹

The TNC met in April, July, September, and November 2003, and in February, March, and April 2004. In their March 2004 communiqué, after the November 2003 Miami Ministerial, the TNC co-chairs reported that additional time was needed for delegates to decide on a framework for the FTAA negotiations.⁴² In their April 2004 communiqué, the TNC co-chairs again reported that delegates had not yet been able to develop a framework for the FTAA negotiations, and that “further progress is necessary” at this stage before resuming the work of the TNC.⁴³

During 2003, the United States continued its active participation in the meetings of the nine FTAA negotiation groups (market access, agriculture, intellectual property rights, services, investment, government procurement, competition policy, dispute settlement, and subsidies/antidumping/countervailing duties) and the three committees and non-negotiating groups (the Technical Committee on Institutional Issues, the Consultative Group on Smaller Economies, and the Committee of Government Representatives on the Participation of Civil Society). The United States also

³⁹ “Ministerial Declaration of San José: Summit of the Americas Fourth Trade Ministerial Joint Declaration San José, Costa Rica, Mar. 19, 1998,” FTAA Official Website, found at http://www.ftaa-alca.org/Ministerials/SanJose/SanJose_e.asp, retrieved Mar. 24, 2004.

⁴⁰ “Ministerial Declaration: Free Trade Area of the Americas Eighth Ministerial Meeting, Miami, Nov. 20, 2003,” FTAA official website, found at http://www.ftaa-alca.org/Ministerials/Miami/Miami_e.asp, retrieved Mar. 24, 2004.

⁴¹ *Ibid.*

⁴² The text of the draft agreement was posted on the FTAA official website, found at http://www.ftaa-alca.org/FTAADraft03/Index_e.asp, retrieved Mar. 24, 2004.

⁴³ “FTAA Trade Negotiations Committee Joint Communiqué of Co-chairs,” FTAA.TNC/com/02, Mar. 10, 2004, FTAA Official Website, found at http://www.ftaa-alca.org/TNC/TNCcom02_e.asp, retrieved Mar. 24, 2004.

participated in the ad hoc group on Rules of Origin and an ad hoc group within the Market Access Negotiating Group, which are negotiating rules of origin for the FTAA.⁴⁴

The heads of state and government of the Americas met in a Special Summit of the Americas in Monterrey, Mexico, in 2004.⁴⁵ This special summit addressed measures to combat poverty, promote growth and development, and strengthen democracy in the hemisphere. The leaders also supported the agreement of trade ministers on the framework and calendar adopted for concluding the negotiations for the FTAA.

U.S. Free Trade Agreement with Central America and the Dominican Republic

President Bush announced his intention to explore a free trade agreement with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) on January 16, 2002. The Dominican Republic was integrated into the Central American negotiations with an agreement that was concluded on March 15, 2004. The President formally notified Congress of his intention to begin free trade negotiations on October 1, 2002, following passage of Trade Promotion Authority.⁴⁶

The United States began FTA negotiations on the Central America Free Trade Agreement (CAFTA) on January 8, 2003.⁴⁷ Nine rounds of negotiations were held in 2003. Five negotiating groups covered topics such as market access, investment and services, government procurement and intellectual property, labor and environment, and institutional issues such as dispute settlement. A sixth group on trade capacity building met in parallel with the five negotiating groups.⁴⁸

On December 17, 2003, the United States concluded negotiations on the CAFTA.⁴⁹ Under the agreement, over 80 percent of U.S. exports of consumer and industrial products will be duty-free upon entry into force of the agreement and 85 percent will

⁴⁴ Ibid, Apr. 1, 2004, FTAA Official Website, found at http://www.ftaa-alca.org/TNC/TNCcom03_e.asp, retrieved Apr. 5, 2004.

⁴⁵ For a more detailed description of the U.S. position in the FTAA negotiations, see USTR, 2004 Trade Policy Agenda and 2003 Annual Report, pp. 110-12, found at [http://www.ustr.gov/reports/2004 Annual/III-bilateral.pdf](http://www.ustr.gov/reports/2004%20Annual/III-bilateral.pdf), retrieved Mar. 29, 2004.

⁴⁶ Prior summits were in Miami in 1994; in Santiago, Chile, in 1998; and in Quebec, Canada, in 2001. FTAA Official Website, found at http://www.ftaa-alca.org/Summits_e.asp, retrieved Mar. 24, 2004.

⁴⁷ USTR, "United States and Central American Nations Launch Free Trade Negotiations," Jan. 8, 2003, found at <http://www.ustr.gov>, retrieved Apr. 30, 2004.

⁴⁸ The United States initially concluded negotiations with Honduras, Nicaragua, El Salvador, and Guatemala. Negotiations were concluded with Costa Rica on Jan. 25, 2004. USTR, "U.S. and Dominican Republic Conclude Trade Talks Integrating the Dominican Republic into the Central America Free Trade Agreement," press release 04-19, Mar. 15, 2004, and "U.S. and Costa Rica Reach Agreement on Free Trade," press release 04-03, Jan. 25, 2004, found at <http://www.ustr.gov>, retrieved Apr. 30, 2004.

be duty-free within five years. All remaining tariffs will be phased out within 10 years. More than half of U.S. agricultural exports will be duty-free immediately and remaining tariffs will be phased out within 15 years. Textiles and apparel will be duty-free, if they meet the agreement's rules of origin. Market access commitments were secured across all service sectors. Other areas covered were protection for investment, digital products, workers rights, environmental cooperation, and government procurement.⁵⁰ The text of the agreement was released on January 25, 2004.

U.S.-Australia Free Trade Agreement⁵¹

In November 2002, the USTR notified the U.S. Congress of the administration's intent to enter into a free trade agreement negotiations with Australia. The United States and Australia held five rounds of FTA negotiations in 2003, and an agreement was concluded in February 2004. According to USTR, more than 99 percent of U.S. exports of manufactured goods to Australia will become duty-free immediately upon entry into force of the agreement; and it is estimated that the elimination of tariffs could result in \$2 billion per year in increased U.S. exports of manufactured goods. Australian tariffs are much higher than U.S. tariffs; as such, American firms today pay 10 times many in total annual import tariffs to Australia than the U.S. collects imports from Australia. The agreement is the first free trade agreement that the United States has entered into with a developed country since 1998.⁵²

According to USTR, key goals of the FTA are as follows:⁵³

- Trade in industrial goods and agriculture: Eliminates tariffs, other duties, and charges on U.S.-Australia trade. Seek elimination of Australian Government export monopoly arrangements for wheat, barley, sugar, and rice by requiring Australia to eliminate exclusive export rights for its state-trading enterprises (STEs), end any financing privileges for these enterprises, and provide more information on the activities and any special rights accorded to STEs. Coordinate with Australia within the WTO to eliminate all export subsidies on agricultural products. Pursue fully reciprocal access to Australia's market for U.S. textile and apparel products.

⁴⁹ USTR, "United States and Central American Nations Launch Free Trade Negotiations," Jan. 8, 2003 found at <http://www.ustr.gov>, retrieved Apr. 30, 2004.

⁵⁰ The agreement has not yet been presented to Congress for implementation.

⁵¹ USTR, "U.S. and Central American Countries Conclude Historic Free Trade Agreement," Dec. 17, 2003.

⁵² The United States and Australia concluded a free trade agreement on Feb. 8, 2004.

⁵³ USITC, "U.S.-Australia Free Trade Agreement; Potential Economywide and Selected Effects," USITC publication 3697, May 2004.

- Customs matters, rules of origin, and enforcement cooperation: Requires that Australia's customs operations are conducted with transparency, efficiency, and predictability; and that customs laws, regulations, decisions, and rulings do not create unwarranted procedural obstacles to international trade.
- Sanitary and phytosanitary (SPS) measures: Requires Australia to reaffirm its WTO commitments on SPS measures and eliminate any unjustified SPS restrictions.
- Technical barriers to trade (TBT): Requires Australia to reaffirm its WTO TBT commitments, including those relating to labeling requirements on U.S. food and agricultural products produced through biotechnology, and eliminate any unjustified TBT measures.
- Intellectual property rights: Requires Australia's ratification of the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty. Seek to establish standards that build on the foundations established in the WTO Agreement on TRIPs and other international intellectual property agreements. Seek to enhance the level of Australia's protection for intellectual property rights beyond TRIPs in new areas of technology, such as Internet service provider liability.
- Trade in services: Pursue a comprehensive approach to market access, including enhanced access for U.S. services firms to telecommunications and any other appropriate service sector in the Australian market. Seek improved transparency and predictability of Australia's regulatory procedures. Seek appropriate provisions to ensure that Australia will facilitate the temporary entry of U.S. business persons into its territories.
- Investment: Requires rules that reduce or eliminate artificial or trade-distorting barriers to U.S. investment in Australia, including investment screening by the Australian Government, while ensuring that Australian investors in the United States are not accorded greater substantive rights with respect to investment protections than U.S. investors in Australia. Secure for U.S. investors in Australia important rights comparable to those that would be available under U.S. legal principles and practices.
- Electronic commerce: Affirms that Australia will allow goods and services to be delivered electronically on terms that promote the development and growth of electronic commerce. Seek to ensure that Australia does not apply customs duties in connection with digital products or unjustifiably discriminate among products delivered electronically.

⁵⁴ Notification letter to Congress, USTR, found at <http://www.ustr.gov/releases/2002/11/2002-11-13-australia-byrd.PDF>, retrieved Mar. 23, 2004.

- Government procurement: Establishes rules requiring that Australia's government practices be fair, transparent, and predictable for suppliers of U.S. goods and services who seek to do business with the Australian Government.
- Transparency/anticorruption/regulatory reform: Ensures that the administration of Australia's trade practices are fair and transparent, including ensuring that interested parties can have timely access to information on measures and Australia's procedures for administering them.
- Trade remedies: Provides a bilateral safeguard mechanism during the transition period. Make no changes in U.S. antidumping and countervailing duty laws.
- Environment: Promotes trade and environmental practices that are mutually supportive.
- Labor, including child labor: Commitments by Australia to ensure effective enforcement of its labor laws.
- State-to-state dispute settlement: Establishes fair, transparent, timely, and effective procedures to settle disputes arising under the agreement.

CHAPTER 5: U.S. Relations With Major Trading Partners

This chapter reviews bilateral trade relations and selected trade issues with eight major U.S. trading partners during 2003: the European Union (EU), Canada, Mexico, Japan, China, Taiwan, Korea, and Brazil. Appendix tables A-16 through A-24 provide detailed information on U.S. trade with these partners.

European Union

The United States and the EU share the largest two-way (exports plus imports) trade relationship in the world and are each other's largest trading partners. In 2003, U.S.-EU trade totaled \$380 billion, a 6.8-percent increase over 2002. U.S. exports to the EU increased to \$138 billion in 2003, up by 4.2 percent from 2002. U.S. imports from the EU increased by 8.3 percent in 2003 to \$242 billion, resulting in a \$104 billion trade deficit with the EU in 2003. Leading U.S. exports to the EU during the year included aircraft and aircraft parts, parts of automated data processing machines, and certain medicaments. Leading U.S. imports from the EU included passenger cars, certain medicaments, and nucleic acids and their salts. U.S.-EU trade data are shown in appendix tables A-16 through A-18.

During 2003, two important long-term trade disputes remained on the U.S.-EU trade agenda and were still unresolved at the end of the year. In potentially the largest U.S.-EU dispute in terms of the amount of trade affected, the WTO dispute-settlement process continued during the year in response to an EU complaint¹ that U.S. special tax treatment of foreign sales corporations (FSCs), and the replacement U.S. tax policy (FSC Repeal and Extraterritorial Income Exclusion Act of 2000),² constitute a prohibited export subsidy. Also in 2003, the United States requested the WTO examine the EU's de facto moratorium on approvals of agricultural biotechnology products. Both of these issues are discussed below.

¹ The European Communities (EC) were subsumed into the EU in 1993. Although the complaint was technically filed by the EC, the term EU is used to describe events since 1993.

² Pub. L. 106-519.

Foreign Sales Corporations

Background³

On July 1, 1998, the EU challenged in the WTO the first of two successive U.S. tax regimes.⁴ In both cases, the WTO dispute-settlement panel and Appellate Body found the regime constituted a prohibited export subsidy and was inconsistent with U.S. WTO obligations. Following the second ruling in January 2002, the EU requested WTO authorization to impose \$4.043 billion in tariffs on U.S. products as compensation. On August 30, 2002, the WTO arbitrator circulated its decision that the countermeasures sought by the EU were appropriate, and authorized the EU to impose up to 100 percent ad valorem duties on imports of certain goods from the United States to a maximum amount of \$4.043 billion per year.⁵ On September 13, 2002, the EU published a notice in its Official Journal requesting public comments on a proposed list of U.S. products that could be subject to the countermeasures.⁶

Developments During 2003

On February 26, 2003, following the public consultation procedure that began in September 2002, the European Commission presented member states with a draft list of U.S. products that could be subject to countermeasures.⁷ After a few changes, member states approved the list and the European Commission notified the final version to the WTO.⁸ The list covers over 1,600 products, including certain precious stones and metals, articles of jewelry, fruits, vegetables, sugar, wood products, paper and paperboard, textiles, apparel, footwear, articles of leather, glassware, articles of iron and steel, electrical and non-electrical machinery, and toys and sports equipment. According to the European Commission, to minimize the impact of any countermeasures on EU industry, the list only includes products for which imports from the United States account for less than 20 percent of total EU imports of a specific product.⁹

³ For more information on the background of the FSC dispute, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, pp. 5-2 to 5-4; USITC, *The Year in Trade: OTAP, 2001*, USITC publication 3510, pp. 4-10 to 4-11; and USITC, *The Year in Trade: OTAP, 2000*, USITC publication 3428, pp. 4-12 to 4-13.

⁴ The two successive tax regimes were (1) the FSC provisions of U.S. tax law, and (2) its replacement, the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI Act).

⁵ WTO, "United States—Tax Treatment for Foreign Sales Corporations," Recourse to Arbitration by the United States, Decision of the Arbitrator," WT/DS108/ARB, Aug. 30, 2002.

⁶ "Notice relating to the WTO Dispute Settlement proceeding concerning the United States tax treatment of Foreign Sales Corporations (FSC)—Invitation for comments on the list of products that could be subject to countermeasures," *Official Journal of the European Communities* (OJ), No. C 217/2 (Sept. 13, 2002).

⁷ European Commission, "Foreign Sales Corporations: European Commission Submits to Member States Draft List of Products That Could be Subject to Countermeasures," press release IP/03/285, Feb. 26, 2003.

⁸ For the definitive list of products, see WTO, "United States—Tax Treatment for Foreign Sales Corporations," Recourse by the European Communities to Article 4.10 of the SCM Agreement and Article 22.7 of the DSU," WT/DS108/26, Apr. 25, 2003.

⁹ European Commission, "Foreign Sales Corporations: European Commission Submits to Member States Draft List of Products That Could be Subject to Countermeasures," press release IP/03/285, Feb. 26, 2003.

On May 7, 2003, the WTO Dispute Settlement Body (DSB) authorized the EU to take appropriate countermeasures and to suspend concessions in the amount of \$4.043 billion per year, in line with the arbitration report issued in August 2002.¹⁰ However, the EU indicated in the DSB meeting that it would give the United States “a short additional period” to make the legislative changes necessary to comply.¹¹ Following the decision of the DSB, the European Commission stated that it expected the United States to ensure compliance with WTO rules before the beginning of 2004.¹² According to Pascal Lamy, EU Trade Commissioner, “The Commission will review the situation in the autumn, and if there is no sign that compliance is on the way at that time, it would then start the legislative procedure for the adoption of countermeasures by January 1, 2004.”¹³

Throughout the year, both houses of Congress continued to work on legislation to address the issue. On October 1, 2003, the Senate Committee on Finance approved legislation (S. 1637, Jumpstart Our Business Strength (JOBS) Act) to repeal the ETI.¹⁴ On October 28, 2003, the House Committee on Ways and Means approved H.R. 2896, the American Jobs Creation Act of 2003, to repeal the ETI.¹⁵ In addition, the administration continued to urge action by the Congress to enact legislation that would bring U.S. law into conformity with the WTO ruling.¹⁶

On December 8, 2003, the EU Council of Foreign Affairs Ministers adopted a regulation to impose countermeasures on U.S. products, beginning on March 1, 2004, if the United States has not yet complied with the WTO ruling.¹⁷ The regulation calls for imposing tariffs of 5 percent on U.S. products on March 1, 2004, with the tariff rate rising by 1 percentage point per month thereafter until a 17-percent tariff rate is reached on March 1, 2005.¹⁸ The European Commission indicated that it will consider

¹⁰ WTO, *News*, “Dispute Settlement Body 7 May 2003, EU Granted Permission to Apply US\$4 Billion Sanctions Against US in Foreign Sales Corporation Case but Delays Application,” May 7, 2003, found at http://www.wto.org/english/news_e/news03_e/dsb_7May03_e.htm, retrieved May 9, 2003.

¹¹ *Ibid.*

¹² European Commission, “Foreign Sales Corporations: Following WTO Authorisation to Apply Countermeasures of Up to \$4 Billion, EU Expects U.S. to Ensure Compliance With WTO Rules Before the Beginning of Next Year,” press release IP/03/642, May 7, 2003.

¹³ *Ibid.*

¹⁴ Senate Committee on Finance, “Grassley Wins Committee Approval of Tax Cut for Manufacturers, Farmers, Significant International Tax Reforms,” press release, Oct. 1, 2003, found at <http://www.senate.gov/~finance/press/Gpress/2003/prg100103.pdf>, retrieved Feb. 17, 2004.

¹⁵ Committee on Ways and Means, “Help for American Workers: Job Creation and Protection,” press release, Oct. 28, 2003, found at <http://waysandmeans.house.gov/news.asp>, retrieved Feb. 17, 2004.

¹⁶ For example, U.S. Department of the Treasury, *General Explanations of the Administration's Fiscal Year 2005 Revenue Proposals*, February 2004, pp. 187-89, found at <http://www.treas.gov/offices/tax-policy/library/bluebk04.pdf>, retrieved Feb. 17, 2004.

¹⁷ Council Regulation (EC) No 2193/2003 of 8 December 2003 Establishing Additional Customs Duties on Imports of Certain Products Originating in the United States of America, OJ No. L 328 (Dec. 17, 2003).

¹⁸ On March 1, 2004, the EU began to impose 5-percent tariffs on U.S. products, as planned. On May 1, 2004, the EU tariffs will also apply to U.S. products exported to the 10 new EU member states.

further action in light of developments at that time.¹⁹ The U.S. Department of Commerce estimates that if countermeasures are imposed on U.S. products from March 1, 2004 through March 31, 2005, the EU would collect additional duties valued at over \$475 million.²⁰

Agricultural Biotechnology

In 2003, there were developments in two issues related to agricultural biotechnology. In May, the United States initiated dispute-settlement proceedings in the WTO to challenge the EU's de facto moratorium on approvals of genetically modified crops and food products. According to the USTR, the EU's de facto moratorium has hurt U.S. exports of corn and threatens to disrupt U.S. exports of soybeans.²¹ In a separate issue related to biotechnology, U.S. exporters expect new EU rules on traceability and labeling to be "onerous and expensive for producers and foreign suppliers to meet."²²

EU Moratorium

Background

Since October 1998, the EU has applied a moratorium on new approvals of agricultural biotechnology products (biotech products).²³ In addition, since the late 1990s, six EU member states—including Austria, France, Germany, Greece, Italy, and Luxembourg—have banned certain varieties of biotech corn and rapeseed already approved by the EU.²⁴ As a result, according to USDA, U.S. exports of agricultural and food products are increasingly being excluded from the EU market,²⁵ and the ban

¹⁹ Council Regulation (EC) No 2193/2003 of 8 December 2003 Establishing Additional Customs Duties on Imports of Certain Products Originating in the United States of America, OJ No. L 328 (Dec. 17, 2003).

²⁰ U.S. Department of Commerce, International Trade Administration, "ITA's Key Links: European Union (EU) Trade Sanctions Against the United States Resulting from the Foreign Sales Corporation/Extraterritorial Income (FSC/ETI) Dispute in the World Trade Organization (WTO)," found at http://www.ita.doc.gov/eu_030104.html, retrieved Mar. 3, 2004.

²¹ USTR, *2004 National Trade Estimate Report of Foreign Trade Barriers, 2004*, p. 142.

²² Ibid.

²³ U.S. Department of Agriculture (USDA), "Five Years of U.S. Patience, Five Years of European Delays," Fact Sheet, found at <http://www.usda.gov/news/releases/2003/05/fs40156.htm>, retrieved Oct. 16, 2003.

²⁴ Ibid. Also see, WTO, *European Communities—Measures Affecting the Approval and Marketing of Biotech Products*, "Request for Consultations by the United States," WT/DS291/1, G/L/627, G/SPS/GEN/397, G/AG/GEN/60, G/TBT/D/28, May 20, 2003, Annex II.

²⁵ USDA, "U.S. and Cooperating Countries File WTO Case Against EU Moratorium On Biotech Foods and Crops," press release, May 13, 2003; and WTO, *European Communities—Measures Affecting the Approval and Marketing of Biotech Products*, "Request for the Establishment of a Panel by the United States," WT/DS291/23, Aug. 8, 2003.

"effectively prohibits most U.S. corn exports to Europe."²⁶ The U.S. Government estimates the lost corn sales alone at several hundred million dollars a year.²⁷

Furthermore, the United States is concerned about the possible "ripple" effects of the EU decision to ban biotech products.²⁸ According to Ambassador Zoellick, "biotech food helps nourish the world's hungry population, offers tremendous opportunities for better health and nutrition, and protects the environment by reducing soil erosion and pesticide use."²⁹ However, the "EU moratorium has sent a devastating signal to developing countries....," some of which have refused U.S. food aid, or have limited biotech plantings due to concerns that their exports to the EU would suffer.³⁰ According to Secretary of Agriculture Veneman, "the EU actions threaten to deny the full development of a technology that holds enormous potential benefits to both producers and consumers worldwide...."³¹

Developments during 2003

On May 13, 2003, the United States requested consultations with the EU to address the biotech moratorium, the first step in the WTO dispute-settlement process. Canada and Argentina also requested WTO consultations with the EU. The United States claims that the biotech moratorium and the national marketing and import bans maintained by the EU member states are inconsistent with the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), the General Agreement on Tariffs and Trade 1994 (GATT 1994), the Agreement on Agriculture (Agriculture Agreement), and the Agreement on Technical Barriers to Trade (TBT Agreement).³²

²⁶ USDA, "The EU Ban On Agricultural Biotech Products is Illegal," Fact Sheet, found at <http://www.usda.gov/news/releases/2003/05/fs20156.htm>, retrieved Oct. 16, 2003.

²⁷ Press Conference with Agriculture Secretary Ann M. Veneman and U.S. Special Trade Representative, Ambassador Robert B. Zoellick regarding the EU Moratorium on Biotech Crops and Food, May 13, 2003, found at <http://www.usda.gov/news/releases/2003/05/0157.htm>, retrieved Oct. 16, 2003.

²⁸ For example, see U.S. Mission to the EU, "Bush: U.S. Will Not Relent in War Against Terrorism," remarks by President Bush before the U.S. Coast Guard Academy, May 21, 2003 found at <http://www.useu.be/Terrorism/USResponse/May2103BushTerrorism.html>, retrieved Nov. 21, 2003; Press Conference with Agriculture Secretary Ann M. Veneman and U.S. Special Trade Representative, Ambassador Robert B. Zoellick regarding the EU Moratorium on Biotech Crops and Food, May 13, 2003, found at <http://www.usda.gov/news/releases/2003/05/0157.htm>, retrieved Oct. 16, 2003; and U.S. Department of State, "Discussion on the WTO Case on the EU Biotech Moratorium," Foreign Press Center briefing, Washington, D.C., May 14, 2003, found at <http://www.state.gov/e/rls/rm/2003/20727.htm>, retrieved Nov. 21, 2003.

²⁹ USDA, "U.S. and Cooperating Countries File WTO Case Against EU Moratorium On Biotech Foods and Crops," press release, May 13, 2003.

³⁰ Ambassador Zoellick, Press Conference with Agriculture Secretary Ann M. Veneman and U.S. Special Trade Representative, Ambassador Robert B. Zoellick regarding the EU Moratorium on Biotech Crops and Food, May 13, 2003, found at <http://www.usda.gov/news/releases/2003/05/0157.htm>, retrieved Oct. 16, 2003.

³¹ USDA, "U.S. and Cooperating Countries File WTO Case Against EU Moratorium On Biotech Foods and Crops," press release, May 13, 2003.

³² WTO, *European Communities—Measures Affecting the Approval and Marketing of Biotech Products*, "Request for Consultations by the United States," WT/DS291/1, G/L/627, G/SPS/GEN/397, G/AG/GEN/60, G/TBT/D/28, May 20, 2003.

The consultations failed to resolve the dispute, and the United States, Canada, and Argentina requested establishment of a dispute-settlement panel. In August 2003, the Dispute Settlement Body (DSB) agreed to form a single panel to consider the matters raised by the United States, Canada, and Argentina.³³

In a joint press release announcing the U.S. request for establishment of a WTO panel, USDA and USTR stated that the SPS agreement

“recognizes that countries are entitled to regulate crops and food products to protect health and the environment. The WTO SPS agreement requires, however, that members have sufficient scientific evidence’ for such measures, and that they operate their approval procedures without \$undue delay.’ Otherwise, there is a risk countries may, without justification, use such regulations to thwart trade in safe, wholesome, and nutritious products.”³⁴

In announcing the request for the panel, the United States reiterated that “as the EC’s own scientists have stated, there is no scientific basis for either the approval moratorium or the member State bans.”³⁵ Furthermore, the United States clarified that the approval procedures for biotech products set out in EU legislation “are not the focus of the U.S. complaint.” Rather “the United States only asks that those procedures be permitted to proceed to their normal conclusion.” The U.S. panel request lists over 30 biotech products that have been affected by the moratorium.³⁶ As of year end 2003, the panelists had not yet been selected for the dispute-settlement panel.³⁷

EU Regulations

On July 22, 2003, the Council of Ministers formally adopted regulations covering (1) genetically modified (GM) food and feed³⁸ and (2) the traceability³⁹ and labeling of

³³ U.S. Department of State telegram, “Report of Aug. 29, 2003, DSB Meeting,” message reference No. 2946, prepared by U.S. Mission to the WTO, Geneva, Sept. 15, 2003; and WTO, “WTO News Items, Dispute Settlement Body, 29 Aug. 2003, DSB Establishes 6 Panels to Examine 10 Complaints,” found at http://www.wto.org/english/news_e/news03_e/dsb_29aug03_e.htm, retrieved Jan. 21, 2004.

³⁴ USDA and USTR, “United States Requests Dispute Panel in WTO Challenge to EU Biotech Moratorium,” press release 03-54, Aug. 7, 2003.

³⁵ U.S. Department of State, “U.S. Request for WTO Panel on European Biotech Moratorium,” Linnet Daily, U.S. Representative to the World Trade Organization, Statement to the WTO Dispute Settlement Body, Geneva, Switzerland, Aug. 18, 2003, found at <http://www.state.gov/e/eb/rls/rm/2003/23372.htm>, retrieved Nov. 26, 2003.

³⁶ Ibid.

³⁷ The panel was established in March 2004. WTO, *European Communities—Measures Affecting the Approval and Marketing of Biotech Products*, “Constitution of the Panel Established at the Request of the United States, Canada, and Argentina,” WT/DS291/24, Mar. 5, 2004.

³⁸ *Regulation (EC) No 1829/2003 of the European Parliament and of the Council of 22 September 2003 on Genetically Modified Food and Feed*, OJ No. L 268 (Oct. 18, 2003).

³⁹ Traceability refers to the ability to trace biotechnology products through all stages of the production and distribution chains. This directive introduces for the first time into EU legislation the concept of traceability specifically for GMOs. See European Commission, *Explanatory Memorandum, Regulation of the European Parliament and of the Council concerning traceability and labelling of genetically modified organisms and traceability of food and feed products produced from genetically modified organisms and amending Directive 2001/18/EC*, p. 2.

genetically modified organisms (GMOs).⁴⁰ These regulations supplement and provide more details regarding the general provisions in Directive 2001/18. Directive 2001/18 is the main legislation in force in the EU on agricultural biotechnology, and regulates the authorization and use of GMOs, including GM seed, feed, and food.⁴¹ According to the European Commission, the adoption of these two regulations in 2003 completes the legislative framework for regulating agricultural biotechnology in the EU.⁴² The two regulations entered into force on November 7, 2003, although they will not be applied in full until April 2004.⁴³ Both regulations require the European Commission to review its implementation within 2 years of its entry into force.⁴⁴

The regulation on GM food and feed provides for the pre-market authorization and labeling of GM food and feed. The regulation sets a threshold of 0.9 percent for the adventitious or technically unavoidable GM material in conventional food and feed, above which labelling that identifies the presence of GM material is compulsory. The regulation also establishes a 0.5-percent tolerance threshold for the unintended presence of GM material in food and feed that has not yet been authorized but which has received a favorable EU scientific risk assessment. According to the European Commission, above this threshold the product will not be allowed on the market. The provision establishing the 0.5 percent tolerance threshold will expire in 3 years, after which the threshold will fall to zero.⁴⁵

The regulation on traceability and labelling amends Directive 2001/18 to establish specific EU-wide requirements for the traceability and labelling of GMOs. It also establishes traceability requirements for food and feed produced from GMOs. Like the regulation on GM food and feed, this regulation sets a tolerance threshold of 0.5 percent for the unintended presence of GMOs, and a threshold of 0.9 percent for compulsory labelling.⁴⁶

⁴⁰ *Regulation (EC) No 1830/2003 of the European Parliament and of the Council of 22 September 2003 Concerning the Traceability and Labelling of Genetically Modified Organisms and the Traceability of Food and Feed Products Produced From Genetically Modified Organisms and Amending Directive 2001/18/EC*, OJ No. L 268 (Oct. 18, 2003).

⁴¹ *Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the Deliberate Release into the Environment of Genetically Modified Organisms and Repealing Council Directive 90/220/EEC*, OJ No. L 106 (April 17, 2001). For more information on this directive, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, pp. 5-5 to 5-8.

⁴² European Commission, "European Legislative Framework for GMOs is Now in Place," press release IP/03/1056, July 22, 2003; and European Commission, "State of Play on GMO Authorizations Under EU Law," press release MEMO/03/221, Nov. 7, 2003.

⁴³ Regulation 1829/2003, art. 49; Regulation 1830/2003, art. 13; and *European Report*, "Biotechnology: Traceability and GMO Labelling Rules Come Into Force," No. 2819 (Nov. 13, 2002), p. IV-2.

⁴⁴ Regulation 1829/2003, art. 48; Regulation 1830/2003, art. 12.

⁴⁵ Regulation 1829/2003, arts. 12, 24, and 47; European Commission, "European Legislative Framework for GMOs is Now in Place," press release IP/03/1056, July 22, 2003; and U.S. Department of State telegram, "Status Request for Biotechnology Regulations," message reference No. 4929, prepared by U.S. Mission to the EU, Oct. 22, 2003.

⁴⁶ Regulation 1830/2003; and European Commission, "European Legislative Framework for GMOs is Now in Place," press release IP/03/1056, July 22, 2003.

In testimony before a Congressional committee in July 2003, the Principal Deputy Assistant Secretary of State for European and Eurasian Affairs Charles Ries, said these regulations may “constitute a technical barrier to trade. The regulations will do little to restore public confidence and will be costly to implement, difficult to enforce, and could put existing biotech trade at risk.”⁴⁷ On November 25, 2003, a group of over 20 U.S. agricultural organizations wrote a letter to Ambassador Zoellick urging the U.S. administration to initiate a WTO dispute settlement proceeding. These groups claim that the new EU rules are “non-tariff trade barriers” and “will result in significant losses to the U.S. food and agriculture industry.”⁴⁸

Canada

Bilateral two-way trade between the United States and Canada, the largest in the world between two countries, was valued at over \$1 billion a day during 2003. U.S.-Canadian commercial relations are governed in large part by the North American Free Trade Agreement (NAFTA), which evolved from a bilateral free trade agreement, the U.S.-Canada Free Trade Agreement (CFTA), signed in 1988, and folded into the NAFTA in 1994.⁴⁹ The bilateral phase-out of duties under CFTA/NAFTA was completed on January 1, 1998. This provided duty-free status for substantially all goods originating in the United States and Canada.⁵⁰ The major trade-related issue in 2003 between the United States and Canada continued to

⁴⁷ Charles Ries, Principal Deputy Assistant Secretary of State for European and Eurasian Affairs, testimony for the House International Relations Committee, July 15, 2003, found at http://www.house.gov/international_relations/108/ries0722.htm, retrieved Jan. 29, 2004. See also, U.S. Department of State, Office of the Spokesman, Taken Question from July 2, 2003 Daily Press Briefing, “EU: European Parliament Legislation on Biotech Food,” July 3, 2003, found at <http://www.state.gov/r/pa/prs/ps/2003/22236.htm>, retrieved Nov. 26, 2003. For more details on the U.S. position, see WTO, “Response From the European Commission to Comments Submitted by WTO Members Under Either or Both G/TBT/N/EEC/7 and G/SPS/N/EEC/150 (Proposal for a Regulation of the European Parliament and of the Council on Traceability and Labeling of Genetically Modified Organisms and Traceability of Genetically Modified Food and Feed–COM(2001)182 Final)”, G/SPS/GEN/338, G/TBT/W/180, July 26, 2002.

⁴⁸ Letter to Ambassador Zoellick, Nov. 25, 2003, from the American Farm Bureau Federation, American Feed Industry Association, American Meat Institute, American Seed Trade Association, American Soybean Association, Biotechnology Industry Organization, Corn Refiners Association, Corn Refiners Association, CropLife America, Grocery Manufacturers of America, National Association of State Departments of Agriculture, National Association of Wheat Growers, National Corn Growers Association, National Cotton Council, National Grain and Feed Association, National Food Processors Association, National Grain Trade Council, National Oilseed Processors Association, National Renderers Association, North American Millers Association, U.S. Grains Council, USA Rice, and Wheat Export Trade Education Committee, found at <http://www.ncga.com/letters/index.html>, retrieved Jan. 29, 2004.

⁴⁹ Additional information on NAFTA is provided in chapter 3.

⁵⁰ Duty-free status exists for most bilaterally traded goods, except for certain supply-managed products in Canada and dairy, sugar, peanuts, and cotton in the United States. The CFTA entered into force in January 1989 and allowed for successive duty reductions over a 10-year period. NAFTA entered into force on Jan. 1, 1994. The timetable for duty reductions as well as most of the terms of the CFTA were incorporated into NAFTA.

involve softwood lumber after the expiration in the spring of 2001 of a bilateral agreement between the two countries governing trade in that sector and the resolution of subsequent trade disputes.

Following two consecutive years of decline, U.S. trade with Canada increased in 2003. U.S. exports, valued at \$148.7 billion, increased over \$6 billion (4.4 percent) from 2002, while U.S. imports from Canada totaled \$224.0 billion, an increase of over \$13 billion (6.4 percent) from 2002. The leading U.S. exports to Canada in 2003 were all major motor vehicle products, including parts and accessories for bodies of motor vehicles, passenger motor vehicles, and parts and accessories for motor vehicles, and piston engines. The leading U.S. imports from Canada during 2003 included passenger motor vehicles, natural gas, and crude petroleum. The U.S. trade deficit with Canada was \$75.3 billion, a nearly 11 percent increase from 2002. U.S.-Canadian trade data are shown in tables A-19 through A-21.⁵¹

Softwood Lumber

During 2003, the United States and Canada were awaiting decisions from both NAFTA and WTO dispute settlement panels addressing final affirmative determinations made by Commerce and the USITC, relating to certain softwood lumber products from Canada. These panels were established to review Canadian challenges to the final affirmative antidumping (AD), countervailing duty (CVD), and injury determinations that had been made by Commerce and the ITC in the spring of 2002.

In 2003, NAFTA review panels returned decisions on the final affirmative antidumping, countervailing duty, and injury determinations that had been brought to the Secretariat in the spring of 2002.

At yearend 2003, the WTO review panels had issued reports on the countervailing duty determination made by Commerce, however no report had yet been issued on the antidumping and injury determinations made by Commerce and the ITC.

The status of the 2003 NAFTA and WTO dispute settlement panels, including the appeals and decisions, are discussed below.

Background

The petitions that led to the CVD and AD orders were filed with Commerce and the USITC in April, 2001, following the expiration of the U.S.-Canada Softwood Lumber Agreement (SLA).⁵² Although negotiations were conducted, the United States and

⁵¹ U.S. trade with NAFTA partners is shown in table 4-2.

⁵² The SLA, in effect during 1996-2001, expired in March 31, 2001. Under the SLA, Canada agreed to impose a fee on softwood lumber exports to the United States above specified limits, and the United States committed not to initiate or otherwise take action under several U.S. trade statutes with respect to softwood lumber imports from Canada.

Canada did not reach a new agreement before the SLA expired. The U.S. lumber industry filed petitions⁵³ with Commerce and the Commission under the U.S. countervailing duty (CVD) and antidumping (AD) laws in 2001. Investigations were initiated, and both agencies issued preliminary affirmative determinations in 2001 and final affirmative determinations in 2002.

In making final affirmative determinations, Commerce on March 22, 2002, found a countrywide countervailable subsidy of 18.79 percent, and margins of dumping ranging from 2.18 percent to 12.44 percent.⁵⁴ On May 16, 2002, the Commission determined that the U.S. lumber industry was threatened with material injury by reason of dumped and subsidized imports from Canada, thus triggering the imposition of permanent duties.⁵⁵ These three decisions were appealed by Canada through both the NAFTA and WTO dispute settlement mechanisms.

2003 NAFTA Review Panel Decisions

Antidumping determination

On July 17, 2003 a binational panel unanimously affirmed in part and remanded in part Commerce's final affirmative antidumping determination that certain softwood lumber was exported from Canada to the United States during the period April 1, 2000 to March 31, 2001 at prices that were less than fair value (LTFV).⁵⁶ The Panel ruled in favor of the United States that Commerce acted lawfully in its initiation of the dumping investigation, and that Commerce's practice of "zeroing" was consistent with U.S. domestic law. However the Panel found that Commerce had not made adjustments for differences in physical characteristics between softwood lumber products, and that more information was required to justify Commerce's single "class or kind" merchandise determination with respect to engineered wood products. Consequently, the Panel found that Commerce made calculation errors in the costs for specific Canadian respondents.

The NAFTA panel remanded these issues to Commerce, and ordered it to issue a remand determination within sixty days, recalculating the antidumping duties it had imposed on Canada's softwood lumber industry. Commerce filed a Determination on

⁵³ The petitioners included: Coalition for Fair Lumber Imports Executive Committee, Washington, D.C.; the United Brotherhood of Carpenters and Joiners, Portland, OR; and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, Nashville, TN. USITC, *Conditions of Competition in the U.S. Market for Wood Structural Building Components*, investigation No. 332-445, USITC publication 3596, April 2003.

⁵⁴ 67 F.R. 15545, April 2, 2002. Commerce exempted from the CVD determination softwood lumber products from the Maritime Provinces unless they had been produced on Crown lands.

⁵⁵ USITC, *Softwood Lumber from Canada*, USITC publication No. 3509, investigation Nos. 701-TA-414 and 731-TA-928 (Final), May 2002.

⁵⁶ See *Certain Softwood Lumber Products from Canada* (Notice of Amended Final Determination of Sales at Less than Fair Value and Antidumping Duty Order), 67 Fed. Reg. 36068 (May 22, 2002), corrected, May 30, 2002, 67 Fed. Reg. 37775 (May 30, 2002).

Remand on October 15, 2003, and the Panel issued a decision on this remand determination on March 5, 2004, and Commerce issued a second remand determination on April 21, 2004 which affirmed Commerce in part and remanded on the following issues:

- 1) to recalculate Tembre's General and Administrative expenses
- 2) to calculate the by product offset to West Fraser's production, and
- 3) to treat Slawn's future trading results upon adjustment

Countervailing duty determination

On August 13, 2003, a binational panel unanimously affirmed in part and remanded in part Commerce's final affirmative countervailing duty determination. In its Final Determination, Commerce concluded that provincial stumpage programs under which Canadian provinces confer rights to harvest standing timber on government-owned forestlands are subsidies to producers of softwood lumber which are countervailable under U.S. law.⁵⁷ The NAFTA panel affirmed Commerce that provincial stumpage programs provide a financial contribution, but found that Commerce had not proved that Canadian softwood lumber producers benefitted from provincial stumpage programs. In that regard, the NAFTA panel found that when Commerce used cross-border benchmarks to determine whether provincial stumpage programs confer a benefit, it incorrectly based its benefit finding on the U.S. stumpage prices rather than on the prevailing market conditions in Canada.⁵⁸

In its August 2003 decision, the Panel remanded to Commerce to reconsider the methodology used to measure the benefit accruing to Canadian lumber producers from Canadian Provincial stumpage programs as well as certain company exclusion, scope, and calculation issues.⁵⁹ Commerce filed its Determination on Remand on January 12, 2004.⁶⁰

Injury determination

On September 5, 2003, the NAFTA Dispute Panel unanimously affirmed in part and remanded in part the ITC's determinations that Canada's softwood lumber exports

⁵⁷ See Notice of Final Affirmative Countervailing Duty Determination and the Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products from Canada, 67 FR 15545 (April 2, 2002) (\$ Final Determination).

⁵⁸ NAFTA, Certain Softwood Lumber Products from Canada (Department of Commerce Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination), USA-CDA-2002-1904-03 (Active), found at http://www.nafta-sec-alena.org/DefaultSite/dispute/index_e.aspx?articleid=380, retrieved Jan. 27, 2004.

⁵⁹ U.S. International Trade Administration, Remand Determination Implementing a NAFTA Panel Decision: Canada's Challenge to the Final Determination in the Countervailing Duty Investigation on Imports of Softwood Lumber from Canada, found at http://www.ita.doc.gov/media/FactSheet/0104/lumber_011204.html, retrieved Jan. 22, 2004.

⁶⁰ For more on Commerce's Jan. 12, 2004 Remand Determination please see: http://www.ita.doc.gov/media/FactSheet/0104/lumber_011204.html.

threatened to materially injure the U.S. softwood lumber industry. The Panel ordered the ITC to issue a remand determination within 100 days.⁶¹

On December 15, 2003, the ITC delivered its remand determination to the NAFTA binational panel.⁶² The USITC reaffirmed on remand that an industry in the United States is threatened with material injury by reason of imports of softwood lumber from

Canada that Commerce had determined are subsidized and sold in the United States at less than fair value. The Panel's decision on the December 15 remand was released on April 29, 2004. The Commission issued a second remand determination on June 10, 2004.

2003 WTO Review Panel Decisions

Antidumping determination

The Panel was established on January 8, 2003, and was composed on March 4, 2003. The Final Report of the Panel was to be circulated in April 2004.

Countervailing duty determination

On August 29, 2003, the WTO panel found that Commerce Final Countervailing Duty Determination was inconsistent with the provisions afforded in the Subsidies and Countervailing Measures Agreement (SCM) and of GATT 1994.⁶³

On October 21, 2003, the United States notified its decision to appeal to the Appellate Body certain issues of law and certain legal interpretations developed by the Panel.⁶⁴ Canada also challenged a number of aspects of the final determination by the Commerce that led to the imposition of the duties.⁶⁵

On December 17, 2003, in a communication from the Appellate Body, it was announced that the Appellate Body Report in this appeal was scheduled to be circulated to WTO members by January 19, 2004.

⁶¹ NAFTA, A certain Softwood Lumber Products from Canada (USITC Final Injury Determination), USA-CDA-2002-1904-07 (Active), found at http://www.nafta-sec-alena.org/DefaultSite/dispute/index_e.aspx?articleid=380, retrieved Jan. 27, 2004.

⁶² WTO, A United States-Final Dumping Determination on Softwood Lumber Products from Canada, WT/DS264/5, (03-6458), Dec 8, 2003.

⁶³ WTO, A United States - Final Countervailing Duty Determination With Respect to Certain Softwood Lumber from Canada - Report of the Panel, WT/DS267/R, (03-4360), Aug. 29, 2003.

⁶⁴ WTO, A United States - Final Countervailing Duty Determination With Respect to Certain Softwood Lumber From Canada- Notification of Appeal By the United States Under Paragraph 4 of Article 16 of the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), @ WT/DS257/8, (03-5606), Oct. 24, 2003.

⁶⁵ WTO, A United States - Final Countervailing Duty Determination With Respect to Certain Softwood Lumber from C anada, @ WT/DS257/AB/R, Jan. 19, 2004.

Injury determination

The Panel was established on May 7, 2003, submissions and meetings were held in the summer and fall of 2003, and the Panel was expected to circulate its report in March 2004.

Mexico

Mexico maintained its position in 2003 as the third-largest U.S. trading partner after the European Union, Canada, and before China. U.S. exports to Mexico in 2003 were valued at \$83.1 billion, a continued decline (3.4 percent) from \$86.1 billion in 2002. U.S. imports from Mexico were valued at \$137.2 billion, a continued increase (2.3 percent) from \$134.1 billion in 2002. Falling U.S. exports and rising U.S. imports widened the U.S. trade deficit with Mexico in 2003 once again, to \$54 billion from \$48 billion in 2002. U.S. exports to Mexico were depressed principally by a continuing decline in exports of parts for the assembly of computers, telephone equipment, and motor vehicles. The rise of overall U.S. imports from Mexico were accounted for to a large degree by higher prices for petroleum. U.S.-Mexican trade data are shown in tables A-22 through A-24.

Agricultural imports from the United States and their possible adverse effects on Mexican farming interests, as perceived by Mexico, continued to be in the forefront of U.S.-Mexican trade relations in 2003. Mexico is currently the United States' third largest single-country export market. A year-end event on another notable trade issue was that the WTO supported a long-standing U.S. complaint regarding Mexico's telecommunications practices. However, the year 2003 brought no major changes with respect to some other, important long-standing trade issues, including bilateral trade in sweeteners, and U.S. implementation of NAFTA cross-border trucking provisions.

Restrictions on Agricultural Imports from the United States

The year 2003 began with the elimination of the remaining tariffs on some 90 percent of Mexico's imports of agricultural and livestock products from the United States (excluding corn, sugar, dry edible beans, and powdered milk), as stipulated by the North American Free Trade Agreement (NAFTA).⁶⁶ Remaining tariffs will be phased out by January 1, 2008. Although Mexico's tariffs on most U.S. farm products had been less than 2 percent ad valorem before they were eliminated, the events triggered opposition by Mexican growers and ranchers. In response to pressure from these

⁶⁶ United States Department of Agriculture, Foreign Agricultural Service, "Mexico's NAFTA Tariff Schedule for 2003," *Gain Report* MX3011, Jan. 23, 2003.

groups, which already escalated during 2002,⁶⁷ Mexican authorities began to seriously consider NAFTA and the U.S. farm bill of 2002⁶⁸ as possible problems for domestic farming interests.

On April 28, 2003, Mexican President Vicente Fox signed a "National Agreement on Agriculture (NAA)," a follow-up to the "Agricultural Armor Package" announced in November 2002.⁶⁹ NAA is the first framework accord in the NAFTA era between the government and farmers of Mexico that contains various programs in support of domestic farmers and rural communities.⁷⁰ In the area of trade with NAFTA partners, major provisions of the NAA included the following:

- The Government of Mexico (GOM) and agricultural producer groups will conduct a joint evaluation of the NAFTA agricultural chapter and its effect on Mexico's rural sector.
- The GOM and agricultural producer groups will conduct a joint study of the U.S. farm bill.
- The GOM will address the continued use of agricultural subsidies by the United States and Canada since the implementation of the NAFTA; the GOM will consider applying all available defense mechanisms as provided for in the NAFTA. In addition, the GOM will seek consultations with the United States and Canada to consider the addition of new articles and annexes to NAFTA to address existing agricultural asymmetries.
- The GOM will support Mexico's recognition as a developing country under the provisions of the WTO and propose the immediate elimination of export and internal subsidies that distort international trade. In addition, the GOM will reserve the right to reintroduce tariffs and quantitative restrictions for reasons of national sovereignty and security.⁷¹

NAA also calls for \$267 million newly budgeted funds to pay for a variety of programs, including farm credits, rural roads and housing, electricity, and educational and health services for farmers.

In recent years Mexico has issued antidumping duty orders, applied safeguards SPS measures, and invoked discriminatory custom procedures. During 2003, Mexico eliminated or delayed implementation of some of these barriers, but some remain and new ones are under consideration.

⁶⁷ For background, see USITC, *The Year in Trade, 2002: OTAP*, USITC publication 3630, Aug. 2003, pp. 5-11 to 5-15.

⁶⁸ Farm Security and Rural Investment Act, Pub. L. 107171.

⁶⁹ For background, , see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, Aug. 2003, pp. 5-11 to 5-15.

⁷⁰ "Government of Mexico Signs National Agreement on Agriculture," United States Department of Agriculture, Foreign Agricultural Service, May 9, 2003; Gain Report #MX3067; found at <http://www.USDA.GainReport> retrieved Nov. 29, 2003.

⁷¹ Ibid.

Sweetener imports continued to be a major source of disagreement between the two countries during the year. Although on May 20, 2002, Mexico removed the antidumping duties levied on high-fructose corn syrup (HFCS) imports, as both the WTO and NAFTA ruled that they conflicted with Mexico's commitments,⁷² in January 2002, the Mexican Congress imposed a 20-percent sales and distribution tax on soft drinks sweetened with any sweetener other than sugar. This tax effectively eliminated the use of HFCS in the Mexican beverage industry; significantly reduced U.S. sales to Mexico of HFCS, and lowered U.S. corn exports to Mexico used to produce HFCS.⁷³ The Mexican Congress voted in December 31, 2002 to continue this tax, despite efforts by various parties, including President Fox, to have it removed.⁷⁴

In June 2003, the United States requested WTO consultations with respect to antidumping measures applied by Mexico to imports of U.S. beef and U.S. long-grain white rice, and with respect to Mexico's trade statute. The United States alleged that the measures, applied initially in April 2000 and June 2002, respectively, and certain provisions of Mexico's trade law, are inconsistent with Mexico's obligations under the WTO antidumping agreement. The consultations were held on July 31 and August 1, 2003, and failed to resolve the issues. In September 2003, the United States formally requested establishment of a WTO panel to review Mexico's measures on long grain white rice, and a panel was formed in November.

Mexico imposed a provisional NAFTA safeguard measure on imports of U.S. chicken leg quarters in January 2003, and a final safeguard measure on July 24, 2003. Through an exchange of letters on July 24 and 25, the two countries' reconciled their positions on this issue. Mexico agreed to provide compensation to the United States for Mexico's safeguard measure. The United States consented to the application of the safeguard past December 31, 2003 – the expiration of the phase-out period for Mexican tariffs on U.S. chicken leg quarters. Mexico committed, among other things, not to impose any additional import restrictions on poultry products; to eliminate certain sanitary restrictions on such products; and to consult with the United States in advance regarding new sanitary measures.⁷⁵

⁷² For background, see USITC, *The Year in Trade, 2000: OTAP*, USITC publication 3428, June 2001, pp. 4-17 to 4-18; USITC, *The Year in Trade, 2001: OTAP*, USITC publication 3510, May 2002, pp. 5-16 to 5-17; USITC, *The Year in Trade, 2002: OTAP*, USITC publication 3630, Aug. 2003, pp. 5-15 to 5-17.

⁷³ USTR, "USTR, , " *2004 Trade Policy Agenda and 2003 Annual Report, of the President of the United States on the Trade Agreements Program*," March 2004, pp. 122-123.

⁷⁴ The decision to sustain the tax was subsequently published in a *Diario Oficial*, Dec. 31, 2003. In March, 2004, the United States filed a WTO complaint against Mexico against this tax. WT/DS295/1. See also World Trade Organization, "Mexico - Definitive Anti-dumping Measures on Beef and Rice, Request for Consultations by the United States," June 23, 2003.

⁷⁵ USTR, *2004 Trade Policy Agenda and 2003 Annual Report of the President of the United States on the Trade Agreements program*, Mar. 2004. pp.122-23.

However, despite progress made towards resolving agricultural problems, affected U.S. producers, U.S. exporters and the U.S. Government have become increasingly concerned about Mexico's unilateral restrictions against certain imports from the United States. On September 23, 2003, the U.S. Senate Committee on Finance held a hearing on Mexican barriers imposed against such imports and the harm they may have caused to U.S. interests.⁷⁶

Telecommunications Services

On November 26, 2003, a WTO panel issued interim ruling in the long-standing bilateral telecommunications dispute and the WTO panel ruling was released on April 2, 2004.⁷⁷

The dispute concerns regulations that governed the operations of Teléfonos de Mexico (Telmex), Mexico's largest telecommunications company and interconnection fees imposed by Telmex to complete long distance calls.⁷⁸

Market barriers in the Mexican telecommunications sector remained a serious concern for the United States during 2003 as Mexico continued to fail to enforce its own regulations. As a result, wholesale telecommunications rates for U.S.-Mexico telephone calls remained at roughly four times their cost, costing U.S. companies and consumers hundreds of millions of dollars in excess payments a year.⁷⁹

According to a USTR press release the WTO panel agreed with the United States on most of the major claims in this dispute, finding:

- Mexico breached its commitment to ensure that U.S. carriers can connect their international calls to Mexico's major supplier, Telmex, at cost-based rates.
- Mexico breached its obligation to maintain appropriate measures to prevent its dominant carrier from engaging in anti-competitive practices, by granting Telmex the exclusive authority to negotiate the rate that all Mexican carriers charge U.S. companies to complete calls originating in the United States.
- Mexico breached its obligations under the WTO Services Agreement, the GATS, by
- failing to ensure that U.S. carriers operating within Mexico can lease lines from Mexican

⁷⁶ U.S. Committee on Finance, Senator Chuck Grassley of Iowa, Chairman, press release, Oct. 6, 2003. The letter went to Ernesto Derbez, Foreign Minister; Fernando Canales, Secretary of the Economy; and Javier Bernardo Usabiaga Arroyo, Secretary of Agriculture.

⁷⁷ USTR, "U.S. Wins Telecommunications Case against Mexico in WTO," press release 04-17, Mar. 12, 2004.

⁷⁸ Ibid

⁷⁹ USTR, "2004 Trade Policy Agenda and 2003 Annual Report of the President of the United States on the Trade Agreements Program," Mar. 2004, pp. 122-23.

- carriers (and thereby provide services on a resale basis).⁸⁰

However, the WTO panel agreed with Mexico's claim that Mexico's commitments under the WTO were valid only in regard to "facilities-based" telecommunications services, i.e., companies providing services over networks that they own and not those providing services over leased lines.⁸¹

Japan

The U.S. merchandise trade deficit with Japan decreased from \$73.0 billion in 2002 to \$69.6 billion in 2003. U.S. exports to Japan increased from \$48.3 billion to \$48.9 billion or by 1.2 percent during 2002-03. U.S. imports from Japan declined by 2.3 percent from \$121.3 billion to \$118.5 billion during the same period. The leading

exports to Japan during 2003 were airplanes and other aircraft, parts of airplanes or helicopters, corn, semiconductors, soybeans, and cigarettes. The leading imports from Japan during 2003 were motor vehicles with cylinder capacity over 3,000 cc, passenger motor vehicles with cylinder capacity over 1,500 but not over 3,000 cc, parts and accessories for computers, still video cameras and other video camera recorders, and parts and accessories for motor vehicles. U.S.-Japan trade data are shown in appendix tables A-25 through A-27.

The umbrella for bilateral discussions between the United States and Japan was the "U.S.-Japan Economic Partnership for Growth." Bilateral consultations were also held on the following topics: public works, guitar IPR issues, beef safeguards, rice, phytosanitary issues, visas and passports, wood products, and marine craft.⁸²

U.S.-Japan Economic Partnership for Growth

The U.S.-Japan Economic Partnership for Growth (Partnership) was launched by President George W. Bush and Prime Minister Junichiro Koizumi on June 30, 2001. The purpose of the Partnership was to promote economic growth and open markets by focusing on sectoral and cross-sectoral issues related to regulatory and competition policy.⁸³ Several initiatives were started under the Partnership including the Regulatory Reform and Competition Policy Initiative (Regulatory Reform Initiative), the

⁸⁰ USTR, "U.S. Wins Telecommunications Case against Mexico in WTO," press release 04-17, Mar. 12, 2004.

⁸¹ Ibid

⁸² U.S. Department of State telegram, "Second Meeting of the U.S.-Japan Trade Forum," message reference No. 330052, prepared by U.S. Department of State, Washington, D.C., Dec. 1, 2003.

⁸³ USTR, "Annual Reform Recommendations from the Government of the United States to the Government of Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Oct. 24, 2003, found at <http://www.ustr.gov>, retrieved Nov. 5, 2003.

Investment Initiative, the Financial Dialogue, and the Trade Forum.⁸⁴ A brief discussion of activities in 2003 follows.

During 2003, Working Groups and the High-Level Officials Group met to discuss reform proposals under the Regulatory Reform Initiative. The Second Report to Leaders was submitted to President Bush and Prime Minister Koizumi on May 23, 2003. The report contained regulatory reform measures that Japan had implemented and would implement.⁸⁵

On October 24, 2003, the United States submitted its annual reform recommendations to the Government of Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative. The recommendations focused on issues that Prime Minister Koizumi had identified as important for reform including telecommunications, information technologies, medical, energy, and competition policy. The U.S. recommendations focused particularly on the Special Zones for Structural Reform that empower local governments in Japan to establish zones where businesses can operate without onerous regulations. As of October 24, 2003, 164 zones had been approved by the Prime Minister.⁸⁶ The zones are expected to be of significant commercial interest to U.S. business such as those that are established at seven of Japan's major air and sea ports where overtime charges associated with customs processing have been cut in half.⁸⁷ The United States encouraged Japan to expand the deregulation measures in the zones on a nationwide basis.

Other steps that Japan is to take under the Regulatory Reform Initiative are:

- Introducing competition in the telecommunications sector,
- Extending the term of copyright protection for cinematographic works from 50 to 70 years,
- Expanding the liberalization of the retail electricity sector,
- Improving the speed and efficiency of approval processes for medical devices and pharmaceuticals,
- Strengthening the Japan Fair Trade Commission (JFTC),
- Improving merger techniques, and

⁸⁴ For additional information on the Partnership, see USITC, *The Year in Trade, 2001: OTAP*, publication 3510, pp. 4-25 through 4-27.

⁸⁵ USTR, *2003 National Trade Estimates Report on Foreign Trade Barriers*, Mar. 31, 2004.

⁸⁶ USTR, "Annual Reform Recommendations from the Government of the United States to the Government of Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Oct. 24, 2003, found at <http://www.ustr.gov>, retrieved Nov. 5, 2003.

⁸⁷ USTR, "Second Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Fact Sheet, May 23, 2003, found at <http://www.ustr.gov>, retrieved Nov. 5, 2003, and USTR, "USTR Zoellick Commends Japan for Deregulation Zones," press release 03-33, May 23, 2003; found at <http://www.ustr.gov>, retrieved Nov. 5, 2003.

- Reducing overtime fees associated with customs procedures at Japan's major air and sea ports.

The Investment Initiative includes laws, regulations, policies, and other measures intended to improve the climate for foreign direct investment. At the most recent meeting in November 2003, the topics discussed were mergers and acquisitions, tax, labor, and land policy.⁸⁸

The Financial Dialogue serves as a forum for the U.S. Department of the Treasury, Japan's Ministry of Finance, and the Financial Services Agency to exchange information on key macroeconomic and financial sector issues, including non-performing loans. The third meeting of this group was convened in November 2003 in Washington, D.C.⁸⁹

The Trade Forum, which is led by USTR and Ministers of Foreign Affairs (MOFA), focuses on a wide-range of sectoral trade issues of concern to both governments. The Trade Forum meets at least once per year. At the second meeting of the Trade Forum in July 2003, issues that were raised included agriculture, public works, and new U.S. visa and passport regulations.⁹⁰

China

China is the United States' third largest trading partner in terms of total trade (exports and imports), following Canada and Mexico. In 2003, U.S.-China trade totaled \$178 billion, an increase of 23 percent compared with 2002. U.S. exports to China increased by 30 percent to \$27 billion in 2003. U.S. imports rose 22 percent in 2003 to \$152 billion, resulting in a \$125 billion trade deficit with China in 2003. Leading U.S. exports to China during the year included soybeans, aircraft, integrated circuits, cotton, and fertilizers. Leading U.S. imports from China included computer input and output units, parts, and accessories; footwear; portable automatic data processing machines; transmission apparatus; and video recording devices (tables A-28 through A-30).

China's compliance with the terms of its accession to the WTO remained a major focus of the U.S.-China trade relationship in 2003, which is discussed below. Other issues during the year included U.S. industry on petitions filed under the China-specific safeguard mechanism (section 421 of the Trade Act of 1974),⁹¹ and actions

⁸⁸ USTR, *2003 Trade Policy Agenda and 2003 Annual Report*, Mar. 2004.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

⁹¹ For more information, see the section on Safeguard Actions in chapter 2 of this report and USTR, *2004 Trade Policy Agenda and 2003 Annual Report*, Mar. 2004, p. 223.

addressing three categories of U.S. imports of Chinese textiles and apparel under the special textile safeguard mechanism.⁹² Also, President Bush and other U.S. Government officials urged China to move away from its policy to peg its currency (the renminbi or RMB) to the U.S. dollar to a policy supporting a market-driven, freely floating exchange rate.⁹³

U.S. Assessment of China's WTO Compliance in 2003

On December 11, 2001, China became the 143rd member of the WTO. WTO accession required China to make commitments covering a large number of areas, including import and export regulations, internal policies affecting trade (such as taxation and subsidies), investment, agriculture, intellectual property rights (IPR), services, the legal trade framework, and trading rights and distribution services. USTR is required to report annually to Congress on China's compliance with its WTO commitments.⁹⁴ In its report covering 2003, USTR reported that although there were some positive developments, China's WTO implementation efforts "lost a significant amount of momentum."⁹⁵ Furthermore, unlike 2002, "China's uneven and incomplete WTO compliance record can no longer be attributed to start-up problems."⁹⁶

Agriculture, services, enforcement of IPR, and transparency of government regulations across sectors remained major areas of U.S. concern. New issues in 2003 included certain tax and industrial policies that encourage domestic production.⁹⁷ In particular, USTR stated that China applies discriminatory value-added tax (VAT) rates to imports of fertilizers and semiconductors, whereas domestic production either is exempted from or receives a substantial rebate of the VAT.⁹⁸ USTR also highlighted

⁹² For more information, see textiles section and USTR, *2004 Trade Policy Agenda and 2003 Annual Report*, March 2004, pp. 223-24.

⁹³ For example, see The White House, Office of the Press Secretary, "Background Briefing by a Senior Administration Official on the President's Meeting with the President of China," Oct. 19, 2003; The White House, Office of the Press Secretary, "Background Briefing on the President's Meeting with Chinese Premier Wen," Dec. 9, 2003; and Honorable John B. Taylor, Under Secretary of Treasury for International Affairs, U.S. Department of the Treasury, Testimony before the Full Committee of the House Committee on Ways and Means, Oct. 30, 2003, found at Internet address www.waysandmeans.house.gov, retrieved Mar. 29, 2004. In February 2004, U.S. and Chinese officials met for the first time under the recently agreed technical cooperation program to discuss exchange rate issues. U.S. Department of State telegram, "First Meeting of the Technical Cooperation Program: U.S. and China Outline Goals for Further Cooperation on Exchange Rate Management Issues," message reference No. 3792, prepared by U.S. Embassy, Beijing, Mar. 5, 2004.

⁹⁴ *Ibid.*, p. 4.

⁹⁵ *Ibid.*, p. 3.

⁹⁶ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, p. 1.

⁹⁷ *Ibid.*, pp. 4-5.

⁹⁸ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, p. 32. On March 18, 2004, the United States requested WTO consultations with China regarding China's VAT on integrated circuits. WTO, *China-Value-Added Tax on Integrated Circuits, Request for Consultations by the United States*, WT/DS309/1, Mar. 23, 2004.

China's proposed industrial policy for the automotive sector, which favors domestic production through various measures, including restrictions on imports of certain auto-related products.⁹⁹

Agriculture

China reduced tariffs on agricultural products as scheduled on January 1, 2003, and U.S. exports of some agricultural goods continued to climb during the year. However, USTR cited a number of nontariff barriers that limited U.S. agricultural exports in 2003, including the administration of its tariff-rate quotas (TRQs) and sanitary and phytosanitary measures. Upon accession, China agreed to establish a TRQ system for imports of certain bulk commodities, including wheat, corn, cotton, rice, and vegetable oils. In 2003, the most serious problems with TRQ administration identified in 2002 continued; namely, lack of transparency in TRQ allocation and management, subdivision of the TRQ into subquotas, small allocation sizes, and burdensome licensing procedures.¹⁰⁰ Following a series of bilateral meetings, China issued new regulations in October 2003 that addressed most of the U.S. issues and will apply to shipments beginning January 1, 2004.¹⁰¹

According to USTR, in 2003 China increasingly imposed SPS measures that are affecting or threatening to affect U.S. shipments of agricultural products. U.S. exports that have been affected by SPS standards include wheat, raw poultry and meat, and processed foods that use certain food additives. China also threatened to suspend U.S. soybean imports from four companies for SPS reasons.¹⁰² U.S. officials are also meeting with their Chinese counterparts to discuss burdensome certification requirements on imported seafood products and live aquatics.¹⁰³

Other issues in the agricultural sector that the U.S. Government continued to address with China in 2003 included systemic problems with biotechnology regulations on safety, testing, and labeling, affecting mostly soybeans;¹⁰⁴ inspection-related requirements, which USTR states are burdensome, selectively enforced, and are being used to control the pace and quantity of some imports; and export subsidies on corn.¹⁰⁵

⁹⁹ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, pp. 5, 40-41.

¹⁰⁰ *Ibid.*, pp. 4, 46.

¹⁰¹ *Ibid.*, p. 46.

¹⁰² As of February 2004, China had not taken measures against the four U.S. soybean shippers. U.S. Department of State telegram, "Priority Trade Issues, 2003 Year-End Report," message reference No. 1560, prepared by U.S. Embassy, Beijing, Feb. 3, 2004.

¹⁰³ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, p. 47.

¹⁰⁴ Following a series of extensions in 2002 and 2003 to provide temporary safety certificates, in February 2004 China issued permanent safety certificates for biotech soybeans. U.S. Department of State telegram, "Priority Trade Issues, 2003 Year-End Report," message reference No. 1560, prepared by U.S. Embassy, Beijing, Feb. 3, 2004; and U.S. Department of State telegram, "JCCT March 9, 2004 Planning Meeting," message reference No. 3895, prepared by U.S. Embassy, Beijing, Mar. 12, 2004.

¹⁰⁵ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, pp. 44, 45, 48.

Services

According to USTR, in the services sector in 2003, "China continued to keep pace nominally with the opening required by its WTO accession agreement," but market access barriers remained in many service sectors. For example, in the banking sector, excessive working capital requirements and other prudential rules restricted the ability of foreign banks to establish and expand their market share. Excessive capital requirements also restricted foreign suppliers of insurance, telecommunications, and distribution services from entering the market. Other issues included restrictions on the opening of new branches, in particular in the insurance i.e., and legal services sectors, as well as a lack of regulatory and licensing transparency, the licensing procedures in the insurance sector. Other service sectors that were the focus of concerns in 2003 included motor vehicle financing, express delivery services, and construction and related engineering services. According to USTR, no significant problems had emerged as of year-end 2003 from China's implementation of commitments in audio-visual services, certain professional services, tourism and travel-related services, educational services, and environmental services.¹⁰⁶

Intellectual Property Rights

According to USTR, although some improvements are still required, China's framework of IPR laws and regulations is "largely satisfactory."¹⁰⁷ The principal area of U.S. concern is the lack of effective IPR enforcement,¹⁰⁸ resulting primarily from "the failure to provide a truly deterrent enforcement system."¹⁰⁹ In USTR's Special 301 Report issued in May 2003, USTR indicated that violations of IPR in China are "still rampant."¹¹⁰ More recently, USTR notes that IPR infringements remain "pervasive....Violations include the rampant piracy of film, music publishing, and software products; infringement of pharmaceutical, chemical, information technology, and other patents; and counterfeiting of consumer goods, electrical equipment, automotive parts, and industrial products."¹¹¹ In 2003, China remained the leading source of counterfeit goods seized on entering the United States.¹¹²

¹⁰⁶ *Ibid.*, pp. 55-57, 64.

¹⁰⁷ *Ibid.*, p. 49.

¹⁰⁸ USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, p. 49; and USTR, *2004 Trade Policy Agenda and 2003 Annual Report*, Mar. 2004, p. 163.

¹⁰⁹ U.S. Department of State telegram, "China IPR: Year 2004 Special 301 Review," message reference No. 3185, prepared by U.S. Embassy, Beijing, Feb. 25, 2004. See also, USTR, *2003 Report To Congress on China's WTO Compliance*, Dec. 11, 2003, p. 52.

¹¹⁰ USTR, *2003 Special 301 Report*, found at <http://www.ustr.gov/reports/2003/special301-306.htm>, retrieved Apr. 1, 2004.

¹¹¹ USTR, *2004 Trade Policy Agenda and 2003 Annual Report*, Mar. 2004, p. 164.

¹¹² U.S. Department of State telegram, "China IPR: Year 2004 Special 301 Review," message reference No. 3185, prepared by U.S. Embassy, Beijing, Feb. 25, 2004.

Taiwan

In 2003, Taiwan was the 8th largest U.S. trading partner with bilateral trade totaling more than \$47.6 billion, representing a decline of 2.5 percent from \$48.8 billion in 2002. The U.S. trade deficit with Taiwan increased by less than 1 percent in 2003 from approximately \$15.3 billion to nearly \$15.4 billion. U.S. exports to Taiwan declined by 4 percent to \$16.1 billion in 2003 from approximately \$16.8 billion in 2002. Leading U.S. exports to Taiwan consisted of electronic integrated circuits and other electrical machinery and equipment, aircraft and parts, corn, soybeans, computer equipment, and munitions. U.S. imports from Taiwan declined by 1.8 percent to approximately \$31.5 billion in 2003 from \$32.1 billion in 2002. Leading U.S. imports from Taiwan consisted of computers and parts, electronic monolithic integrated circuits, and magnetic media. U.S.-Taiwan trade data are shown in appendix tables A-31 through A-33.

Intellectual Property Rights Protection

During 2003, Taiwan continued to make significant progress in a number of IPR areas, especially in IPR-related enforcement actions. An Integrated Enforcement Task Force (IEFT) was created during 2003 to join forces with the Joint Optical Disk Enforcement Tasks Force (JODE) to crack down on optical disc media piracy.¹¹³ JODE inspected over 1,000 factories during the year and IEFT made between 300-400 inspections per month. Taiwan's enforcement authorities, in cooperation with Microsoft, also conducted raids that led to arrests against criminal syndicates suspected of producing, marketing, and distributing counterfeit software. Taiwan's Intellectual Property Office has proposed a registration system to simplify power of attorney requirements in Taiwan. However, piracy remains high and Taiwan remained on USTR's Priority Watch List for problems associated with protecting intellectual property rights in 2003. Even though the legislative Yuan passed an amendment to the copyright law that made intellectual property violations a public crime, Taiwan still lacks an effective copyright law.¹¹⁴

Korea

U.S. two-way trade with Korea totaled more than \$59 billion in 2003. U.S. exports to Korea grew 6.5 percent to \$22.5 billion in 2003, after rising 1.2 percent in 2002. U.S. imports grew 4.7 percent to \$36.9 billion, after rising 1.0 percent in 2002. The United States recorded a \$14.4 billion trade deficit with Korea in 2003. Leading U.S. exports

¹¹³ U.S. Department of State, "Taiwan Special 301 Review: AIT Submission," message reference No. 533, prepared by AIT, Taipei, Feb. 24, 2004.

¹¹⁴ U.S. Department of State, "Taiwan: Small Steps on IPR Enforcement," message reference No. 2839, prepared by AIT, Taipei, Oct. 1, 2003.

to Korea in 2003 included computer chips, aircraft, machines and mechanical appliances having individual functions (mostly semiconductor production machinery), and aircraft parts. Leading U.S. imports from Korea include transmission apparatus incorporating reception apparatus (mostly cellular phones), automobiles, and computer chips. U.S.-Korea trade data are shown in appendix tables A-34 through A-36.

U.S.-Korean trade relations in 2003, reflected the continued relaxation of trade frictions in recent years. The two countries meet regularly to discuss bilateral trade issues. Significant bilateral trade issues between the United States and Korea during 2003 included IPR protection and telecommunications.

Intellectual Property Rights Protection

USTR placed Korea on the Special 301 Priority Watch list in 2000, citing a number of long-standing intellectual property rights (IPR) issues, concerns about enforcement, and recent amendments to IPR legislation.¹¹⁵ Based on commitments made in trade meetings between the United States and Korea in April 2002, Korea was downgraded to the Watch List in 2002.¹¹⁶

In the 2003 Special 301 Report,¹¹⁷ USTR said that the limited steps that Korea had taken to fulfill its 2002 commitments fell short of what Korea had pledged to do and that new and significant IPR issues had emerged. For these reasons, USTR decided to conduct an out-of-cycle Special 301 Review in the fall of 2003. The decision to keep Korea on the Watch List or move it the Priority Watch List was to be based on Korea's taking action in all of the following areas:

1. Take all actions necessary to ensure that the Standing Inspection Team (SIT) is granted police powers at the earliest opportunity;
2. Draft and submit legislation to the National Assembly that establishes the exclusive right of transmission for sound recordings, including both the full right of making available and the full right of communication to the public, and seek its enactment by the end of 2003; and
3. Provide additional, new data on the Republic Of Korea Government's (ROKG's) enforcement efforts that is sufficient to more fully evaluate the full range of its enforcement activities, including the imposition of deterrent penalties, that are sufficient to allow right holders the opportunity to take action against infringers who are not convicted.

¹¹⁵ USTR, *2000 Special 301 Report*, May 1, 2000, p. 17.

¹¹⁶ USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, Mar. 3, 2003, p. 175.

¹¹⁷ USTR, *2003 Special 301 Report*, May 1, 2003, p. 24.

4. In addition, in order to resolve the film distribution issues, the Government of Korea should draft and submit legislation to the National Assembly to grant the Korea Media Review Board (KMRB) all authority necessary to stop film piracy. This legislation and/or the implementing regulations must:
 - a. clearly provide the KMRB the authority to reject false applications,
 - b. clearly provide the KMRB the authority to cancel existing ratings that were approved on the basis of a false application, and
 - c. not place undue burdens on legitimate rights holders to prove their rightful ownership;
5. Fully and faithfully implement its agreement on the Wireless Broadband Internet Platform for Interoperability (WIPI) intellectual property issue.¹¹⁸

At the end of 2003, progress had been made on a number of issues broached in the 2003 Special 301 Report, while less progress had been made on others. In July 2003, the Korean National Assembly passed legislation to give police powers to the SIT of the Ministry of Information and Communication, with the new authority taking effect on October 18, 2003. The United States continues to be concerned, however, about the transparency of the SIT enforcement process.¹¹⁹ Legislation to amend Korea's Copyright Act to give exclusive rights for the on-line dissemination of recorded music had not been passed at year-end, and the United States is concerned that proposed legislation will not provide a full set of exclusive rights that will stem on-line piracy.¹²⁰ During 2003, the Korean Government provided regular quarterly reports on enforcement activities, but did not provided new data by which the effectiveness of its enforcement efforts could be better evaluated.¹²¹ In December 2003, legislation was passed that the Korean Government grants the KMRB authority to identify and stop the fraudulent registration of videos, DVDs, and games. The U.S. Government expressed concern that draft implementing regulations might place undue burdens on legitimate rights holders to prove their rightful ownership. However, the KMRB has committed to redrafting the regulations to address U.S. concerns.¹²² Developments related to the WIPI telecommunications standard are addressed below.

Telecommunications

The United States has expressed ongoing concerns that Korea intends to mandate telecommunications technology standards in Korea rather than allow market forces to

¹¹⁸ Ibid, p. 25.

¹¹⁹ USTR, *2004 National Trade Estimate Report on Foreign Trade Barriers*, Apr. 1, 2004, p. 300.

¹²⁰ Ibid, p. 301.

¹²¹ Ibid, p. 300.

¹²² Ibid, p. 301.

determine successful technologies.¹²³ Three key areas have been the focus of U.S.-Korea dialogue in this area. The first relates to the wireless broadband Internet platform for interoperability (WIPI) for cellular phones. Although currently several platforms are in operation in Korea, including one provided by an American company, the United States is concerned that there is inappropriate Korean Government involvement in the creation, standardization, and deployment of WIPI.¹²⁴ The Korean Government has delayed mandating WIPI in response to U.S. concerns, and continues to consult with the United States and WTO bodies.¹²⁵ The other two areas of concern relate to reallocation of the 2.3 gigahertz spectrum and to location-based services (LBS).¹²⁶

One of the problems identified with the proposed WIPI standard was its use of the intellectual property of a U.S. company without that company's permission.¹²⁷ An agreement was reached between that company and the WIPI developers during 2003.¹²⁸

Brazil

U.S.-Brazilian bilateral trade relations continue to be influenced by Brazil's membership in the Southern Common Market (Mercosur) customs union,¹²⁹ and by ongoing negotiations for the Free Trade Area of the Americas (FTAA).¹³⁰ Brazil ranked as the sixteenth largest export market for the United States in 2003, and was the thirteenth largest U.S. supplier in the year. U.S. exports to Brazil totaled \$9.9 billion in 2003, while U.S. imports from Brazil totaled \$17.7 billion. Leading U.S. exports to Brazil in 2003 included aircraft, and aircraft parts and computer parts and accessories. Leading U.S. imports from Brazil included aircraft, electronic articles, petroleum, and footwear. U.S.-Brazilian trade data are shown in appendix tables A-37 to A-39.

¹²³ See, for example, U.S. Department of State telegram, "Failing to Connect on the Cutting Edge: U.S.-Korean Experts Telecom Dialogue Makes Little Headway," message reference No. 316239, prepared by U.S. Department of State, Washington, D.C., Nov. 13, 2003; USTR, *2004 Trade Policy Agenda and 2003 Annual Report of the President of the United States on the Trade Agreements Program*, March 1, 2004, pp. 150-51; and U.S. Department of State telegram, "U.S. Ambassador Discusses WIPI, IPR, and Nortel with New Telecom Minister," message reference No. 2107, prepared by U.S. Embassy, Seoul, Apr. 30, 2003.

¹²⁴ USTR, *2004 Trade Policy Agenda and 2003 Annual Report of the President of the United States on the Trade Agreements Program*, Mar. 1, 2004, p. 151.

¹²⁵ USTR, *2004 National Trade Estimate Report on Foreign Trade Barriers*, Apr. 1, 2004, p. 317.

¹²⁶ USTR, *2004 Trade Policy Agenda and 2003 Annual Report of the President of the United States on the Trade Agreements Program*, Mar. 1, 2004, p. 151.

¹²⁷ See, for example, U.S. Department of State telegram, "U.S.-Korea Trade Consultations: Telecom," message reference No. 55701, prepared by U.S. Department of State, Washington, D.C., Mar. 4, 2003.

¹²⁸ U.S. Department of State telegram, "June 2003 U.S.-Korea Trade Consultations: Telecom," message reference No. 211677, prepared by U.S. Department of State, Washington, D.C., July 22, 2003.

¹²⁹ The Mercosur customs union is a free trade area with common external tariffs. Members of the Mercosur customs union are Argentina, Brazil, Paraguay, and Uruguay. Bolivia, Chile, and Peru participate in the Mercosur free trade area, but not in the common external tariff scheme. Mercosur became operative on Jan. 1, 1995.

¹³⁰ The FTAA is discussed in more detail in chapter 4.

Brazil's approval process for biotechnology imports has been a trade problem for several years.¹³¹ Regulation of the biotechnology sector remains essentially frozen because of a 1998 court case that remains pending in a Brazilian federal court. In the absence of a definitive court ruling on this case, Brazilian President Lula made progress in 2003 towards a new legal framework for production and marketing of biotechnology soybean crops. Law 10,814, which was enacted on December 15, 2003, legalizes the planting and marketing of biotechnology soybean crops for the 2003/2004 harvest.¹³²

Another long-standing bilateral trade problem involves the protection of intellectual property rights (IPR) in Brazil. Brazil is on the U.S. Special 301 Priority Watch List due to continuing concerns about copyright and trademark infringement, inadequate IPR enforcement, and the need to improve its processing of patent applications in a manner that is consistent with its international obligations.¹³³ To address some of these concerns during 2003, Brazil doubled the minimum penalty for copyright violations, launched a national public awareness campaign, and began IPR training at the national police academy.¹³⁴

¹³¹ The lack of a clear policy on biotechnology in Brazil reportedly has resulted in U.S. companies losing several opportunities to sell biotechnology products to Brazil. Although the Brazilian Government approved imports of Roundup Ready soybeans from the United States in 1998, that approval has been challenged and the issue remains in the Brazilian legal system pending resolution. For further information, see USITC, *The Year in Trade, 2000*, USITC Publication 3428, p. 4-49.

¹³² USTR, *2004 National Trade Estimate Report on Foreign Trade Barriers*, "Brazil," found at <http://www.ustr.gov/reports/nte/2004/brazil.pdf>, retrieved Apr. 5, 2004.

¹³³ *Ibid.* The "special 301" law is discussed in chapter 2.

¹³⁴ *Ibid.*

APPENDIX

Statistical Tables

Table A-1
Antidumping cases active in 2003, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
731-TA-986	Ferrovandium	China	11/26/01	A	A	A	A	01/13/03
731-TA-987	Ferrovandium	South Africa	11/26/01	A	A	A	A	01/13/03
731-TA-989	Ball bearings	China	02/13/02	A	A	A	N	04/21/03
731-TA-990	Non-malleable cast iron pipe fittings	China	02/21/02	A	A	A	A	03/24/03
731-TA-991	Silicon metal	Russia	03/07/02	A	A	A	A	03/19/03
731-TA-1006	Urea ammonium nitrate solution	Belarus	04/19/02	A	A	A	N	04/10/03
731-TA-1008	Urea ammonium nitrate solution	Russia	04/19/02	A	A	A	N	04/10/03
731-TA-1009	Urea ammonium nitrate solution	Ukraine	04/19/02	A	A	A	N	04/10/03
731-TA-1010	Lawn and garden steel fence posts	China	05/01/02	A	A	A	A	06/02/03
731-TA-1012	Frozen fish fillets	Vietnam	06/28/02	A	A	A	A	08/06/03
731-TA-1013	Saccharin	China	07/11/02	A	A	A	A	06/25/03
731-TA-1014	Polyvinyl alcohol	China	09/05/02	A	A	A	A	09/24/03
731-TA-1015	Polyvinyl alcohol	Germany	09/05/02	A	A	A	N	06/18/03
731-TA-1016	Polyvinyl alcohol	Japan	09/05/02	A	A	A	A	06/18/03
731-TA-1017	Polyvinyl alcohol	Korea	09/05/02	A	A	A	A	09/24/03
731-TA-1019A	Durum wheat	Canada	09/13/02	A	A	A	N	10/16/03
731-TA-1019B	Hard red spring wheat	Canada	09/13/02	A	A	A	A	10/16/03
731-TA-1020	Barium carbonate	China	09/30/02	A	A	A	A	09/19/03
731-TA-1021	Malleable iron pipe fittings	China	10/30/02	A	A	A	A	12/11/03
731-TA-1022	Refined brown aluminum oxide	China	11/20/02	A	A	A	A	11/10/03
731-TA-1023	Ceramic station post insulators	Japan	12/31/02	A	A	A	A	12/19/03
731-TA-1024	Prestressed concrete steel wire strand	Brazil	01/31/03	A	A	A	(³)	(³)
731-TA-1025	Prestressed concrete steel wire strand	India	01/31/03	A	A	A	(³)	(³)
731-TA-1026	Prestressed concrete steel wire strand	Korea	01/31/03	A	A	A	(³)	(³)
731-TA-1027	Prestressed concrete steel wire strand	Mexico	01/31/03	A	A	A	(³)	(³)
731-TA-1028	Prestressed concrete steel wire strand	Thailand	01/31/03	A	A	A	(³)	(³)
731-TA-1029	Allura red coloring	India	03/04/03	N	(⁴)	(⁴)	(⁴)	04/18/03
731-TA-1030	Fluorescent whitening agents	China	03/31/03	(⁵)	(⁴)	(⁴)	(⁴)	04/14/03
731-TA-1031	Fluorescent whitening agents	Germany	03/31/03	(⁵)	(⁴)	(⁴)	(⁴)	04/14/03
731-TA-1032	Fluorescent whitening agents	India	03/31/03	(⁵)	(⁴)	(⁴)	(⁴)	04/14/03
731-TA-1033	Hydraulic magnetic circuit breakers	South Africa	04/14/03	N	(⁴)	(⁴)	(⁴)	05/29/03
731-TA-1034	Color television receivers	China	05/02/03	A	A	(³)	(³)	(³)
731-TA-1035	Color television receivers	Malaysia	05/02/03	A	N	(³)	(³)	(³)
731-TA-1036	DAS chemistry	China	05/14/03	N	(⁴)	(⁴)	(⁴)	06/30/03
731-TA-1037	DAS chemistry	Germany	05/14/03	N	(⁴)	(⁴)	(⁴)	06/30/03
731-TA-1038	DAS chemistry	India	05/14/03	N	(⁴)	(⁴)	(⁴)	06/30/03
731-TA-1039	Thermal transfer ribbons	France	05/30/03	A	A	(³)	(³)	(³)

See footnotes at end of table.

Table A-1—Continued
Antidumping cases active in 2003, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
731-TA-1040	Thermal transfer ribbons	Japan	05/30/03	A	A	(3)	(3)	(3)
731-TA-1041	Thermal transfer ribbons	Korea	05/30/03	A	N	(3)	(3)	(3)
731-TA-1042	Oleo-resinous pigment dispersions	India	06/05/03	N	(4)	(4)	(4)	07/21/03
731-TA-1043	Polyethylene retail carrier bags	China	06/20/03	A	(3)	(3)	(3)	(3)
731-TA-1044	Polyethylene retail carrier bags	Malaysia	06/20/03	A	(3)	(3)	(3)	(3)
731-TA-1045	Polyethylene retail carrier bags	Thailand	06/20/03	A	(3)	(3)	(3)	(3)
731-TA-1046	Tetrahydrofurfuryl alcohol	China	06/23/03	A	(3)	(3)	(3)	(3)
731-TA-1047	Ironing tables	China	06/30/03	A	(3)	(3)	(3)	(3)
731-TA-1048	Electrolytic manganese dioxide	Australia	07/31/03	A	(3)	(3)	(3)	(3)
731-TA-1049	Electrolytic manganese dioxide	China	07/31/03	(6)	(4)	(4)	(4)	09/15/03
731-TA-1050	Electrolytic manganese dioxide	Greece	07/31/03	A	(3)	(3)	(3)	(3)
731-TA-1051	Electrolytic manganese dioxide	Ireland	07/31/03	A	(3)	(3)	(3)	(3)
731-TA-1052	Electrolytic manganese dioxide	Japan	07/31/03	A	(3)	(3)	(3)	(3)
731-TA-1053	Electrolytic manganese dioxide	South Africa	07/31/03	A	(3)	(3)	(3)	(3)
731-TA-1054	Light-walled rectangular pipe and tube	Mexico	09/09/03	A	(3)	(3)	(3)	(3)
731-TA-1055	Light-walled rectangular pipe and tube	Turkey	09/09/03	A	(3)	(3)	(3)	(3)
731-TA-1056	Aluminum plate	South Africa	10/16/03	A	(3)	(3)	(3)	(3)
731-TA-1057	Processed hazelnuts	Turkey	10/21/03	A	(3)	(3)	(3)	(3)
731-TA-1058	Wooden bedroom furniture	China	10/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1059	Hand trucks	China	11/13/03	A	(3)	(3)	(3)	(3)
731-TA-1060	Carbazole violet pigment 23	China	11/21/03	(3)	(3)	(3)	(3)	(3)
731-TA-1061	Carbazole violet pigment 23	India	11/21/03	(3)	(3)	(3)	(3)	(3)
731-TA-1062	Kosher chicken	Canada	12/01/03	(3)	(3)	(3)	(3)	(3)
731-TA-1063	Frozen or canned warmwater shrimp and prawns	Brazil	12/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1064	Frozen or canned warmwater shrimp and prawns	China	12/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1065	Frozen or canned warmwater shrimp and prawns	Ecuador	12/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1066	Frozen or canned warmwater shrimp and prawns	India	12/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1067	Frozen or canned warmwater shrimp and prawns	Thailand	12/31/03	(3)	(3)	(3)	(3)	(3)
731-TA-1068	Frozen or canned warmwater shrimp and prawns	Vietnam	12/31/03	(3)	(3)	(3)	(3)	(3)

¹ International Trade Administration, U.S. Department of Commerce.

² For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.

³ Pending as of December 31, 2003.

⁴ Not applicable.

⁵ The investigation was terminated or discontinued following withdrawal of the petition.

⁶ The investigation was terminated because imports were found to be negligible.

Source: Compiled from data maintained by the Commission.

Table A-2
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 19, 2001
Oil country tubular goods	Aug. 11, 1995
Seamless pipe	Aug. 3, 1995
Light-walled rectangular tube	May 26, 1989
Barbed wire and barbless wire strand	Nov. 13, 1985
Australia:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Bangladesh:	
Cotton shop towels	Mar. 20, 1992
Belarus:	
Steel concrete reinforcing bars	Sept. 7, 2001
Solid urea	July 14, 1987
Belgium:	
Stainless steel plate in coils	May 21, 1999
Carbon steel plate	Aug. 19, 1993
Sugar	June 13, 1979
Brazil:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Seamless pipe	Aug. 3, 1995
Stainless steel bar	Feb. 21, 1995
Silicomanganese	Dec. 22, 1994
Stainless steel wire rod	Jan. 28, 1994
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
Industrial nitrocellulose	July 10, 1990
Frozen concentrated orange juice	May 5, 1987
Brass sheet and strip	Jan. 12, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Iron construction castings	May 9, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Softwood lumber	May 22, 2002
Stainless steel plate in coils	May 21, 1999
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 15, 1989
Brass sheet and strip	Jan. 12, 1987
Iron construction castings	Mar. 5, 1986
Chile:	
Individually quick frozen red raspberries	July 9, 2002
Preserved mushrooms	Dec. 2, 1998
China:	
Malleable iron pipe fittings	Dec. 12, 2003
Refined brown aluminum oxide	Nov. 19, 2003
Barium carbonate	Oct. 1, 2003
Polyvinyl alcohol	Oct. 1, 2003
Saccharin	July 9, 2003
Lawn and garden steel fence posts	June 12, 2003
Non-malleable cast iron pipe fittings	Apr. 7, 2003
Ferrovandium	Jan. 28, 2003
Folding metal tables and chairs	June 27, 2002
Automotive replacement glass windshields	Apr. 4, 2002
Folding gift boxes	Jan. 8, 2002
Honey	Dec. 10, 2001

Table A-2--Continued
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
<i>China--Continued</i>	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Pure magnesium (granular)	Nov. 19, 2001
Foundry coke	Sept. 17, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Aspirin	July 11, 2000
Synthetic indigo	June 19, 2000
Non-frozen apple juice concentrate	June 5, 2000
Creatine monohydrate	Feb. 4, 2000
Preserved mushrooms	Feb. 19, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Crawfish tail meat	Sept. 15, 1997
Persulfates	July 7, 1997
Brake rotors	Apr. 17, 1997
Furfuryl alcohol	June 21, 1995
Pure magnesium (ingot)	May 12, 1995
Glycine	Mar. 29, 1995
Coumarin	Feb. 9, 1995
Cased pencils	Dec. 28, 1994
Silicomanganese	Dec. 22, 1994
Paper clips	Nov. 25, 1994
Fresh garlic	Nov. 16, 1994
Sebacic acid	July 14, 1994
Helical spring lock washers	Oct. 19, 1993
Sulfanilic acid	Aug. 19, 1992
Carbon steel butt-weld pipe fittings	July 6, 1992
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Axes and adzes	Feb. 19, 1991
Bars and wedges	Feb. 19, 1991
Hammers and sledges	Feb. 19, 1991
Picks and mattocks	Feb. 19, 1991
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Tapered roller bearings	June 15, 1987
Porcelain-on-steel cooking ware	Dec. 2, 1986
Petroleum wax candles	Aug. 28, 1986
Iron construction castings	May 9, 1986
Natural bristle paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Cotton shop towels	Oct. 4, 1983
Greige polyester cotton print cloth	Sept. 16, 1983
Czech Republic:	
Small diameter seamless pipe	Aug. 14, 2000
Estonia:	
Solid urea	July 14, 1987
Finland:	
Carbon steel plate	Aug. 19, 1993
France:	
Stainless steel bar	Mar. 7, 2002
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel wire rod	Jan. 28, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993

Table A-2--Continued
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
France--Continued	
Ball bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Industrial nitrocellulose	Aug. 10, 1983
Sorbitol	Apr. 9, 1982
Anhydrous sodium metasilicate	Jan. 7, 1981
Sugar	June 13, 1979
Germany:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Seamless pipe	Aug. 3, 1995
Carbon steel plate	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sugar	June 13, 1979
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Polyethylene terephthalate (PET) film	July 1, 2002
Silicomanganese	May 23, 2002
Hot-rolled carbon steel products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Stainless steel bar	Feb. 21, 1995
Forged stainless steel flanges	Feb. 9, 1994
Stainless steel wire rod	Dec. 1, 1993
Sulfanilic acid	Mar. 2, 1993
Welded carbon steel pipe	May 12, 1986
Indonesia:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Feb. 10, 2000
Extruded rubber thread	May 21, 1999
Preserved mushrooms	Feb. 19, 1999
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
Stainless steel bar	Mar. 7, 2002
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 11, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Brass sheet and strip	Mar. 6, 1987
Pressure sensitive plastic tape	Oct. 21, 1977
Japan:	
Ceramic station post insulators	Dec. 30, 2003
Polyvinyl alcohol	July 2, 2003
Welded large diameter line pipe	Dec. 6, 2001
Stainless steel angle	May 18, 2001
Tin mill products	Aug. 28, 2000
Large diameter seamless pipe	June 26, 2000
Small diameter seamless pipe	June 26, 2000

Table A-2–Continued
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
<i>Japan–Continued:</i>	
Structural steel beams	June 19, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Hot-rolled carbon steel flat products	June 29, 1999
Stainless steel wire rod	Sept. 15, 1998
Clad steel plate	July 2, 1996
Oil country tubular goods.	Aug. 11, 1995
Stainless steel bar.	Feb. 21, 1995
Grain-oriented silicon electrical steel	June 10, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Electroluminescent flat panel displays	Sept. 4, 1991
Gray portland cement and clinker	May 10, 1991
Industrial nitrocellulose	July 10, 1990
Mechanical transfer presses	Feb. 16, 1990
Drafting machines	Dec. 29, 1989
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Internal combustion industrial forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	Mar. 25, 1988
Malleable cast iron pipe fittings	July 6, 1987
Carbon steel butt-weld pipe fittings	Feb. 10, 1987
Prestressed concrete steel wire strand	Dec. 8, 1978
Melamine	Feb. 2, 1977
Polychloroprene rubber	Dec. 6, 1973
<i>Kazakhstan:</i>	
Silicomanganese	May 23, 2002
Hot-rolled carbon steel flat products	Nov. 21, 2001
<i>Korea:</i>	
Polyvinyl alcohol	Oct. 1, 2003
Stainless steel bar	Mar. 7, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
Stainless steel angle	May 18, 2001
Structural steel beams	Aug. 18, 2000
Polyester staple fiber	May 25, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Oil country tubular goods	Aug. 11, 1995
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Polyethylene terephthalate (PET) film	June 5, 1991
Industrial nitrocellulose	July 10, 1990
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Malleable cast iron pipe fittings	May 23, 1986
<i>Latvia:</i>	
Steel concrete reinforcing bars	Sept. 7, 2001
<i>Lithuania:</i>	
Solid urea	July 14, 1987
<i>Malaysia:</i>	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Extruded rubber thread	Oct. 7, 1992
<i>Mexico:</i>	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Welded large diameter line pipe	Feb. 27, 2002
Large diameter seamless pipe	Aug. 11, 2000

Table A-2–Continued
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
<i>Mexico–Continued.</i>	
Stainless steel sheet and strip	July 27, 1999
Fresh tomatoes (suspended)	Nov. 1, 1996
Oil country tubular goods	Aug. 11, 1995
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Gray portland cement and clinker	Aug. 30, 1990
<i>Moldova:</i>	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
<i>Netherlands:</i>	
Hot-rolled carbon steel flat products	Nov. 29, 2001
<i>Norway:</i>	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
<i>Philippines:</i>	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
<i>Poland:</i>	
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Aug. 19, 1993
<i>Portugal:</i>	
Sulfanilic acid	Nov. 8, 2002
<i>Romania:</i>	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Small diameter seamless pipe	Aug. 10, 2000
Carbon steel plate	Aug. 19, 1993
Solid urea	July 14, 1987
<i>Russia:</i>	
Silicon metal	Mar. 26, 2003
Ammonium nitrate (suspended)	May 19, 2000
Hot-rolled carbon steel flat products (suspended)	July 12, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Ferrovandium and nitrided vanadium	July 10, 1995
Uranium (suspended)	Oct. 16, 1992
Solid urea	July 14, 1987
<i>Singapore:</i>	
Ball bearings	May 15, 1989
<i>South Africa:</i>	
Ferrovandium	Jan. 28, 2003
Hot-rolled carbon steel flat products	Sept. 19, 2001
Small diameter seamless pipe	June 26, 2000
Stainless steel plate in coils	May 21, 1999
<i>Spain:</i>	
Stainless steel angle	May 18, 2001
Stainless steel wire rod	Sept. 15, 1998
Stainless steel bar	Mar. 2, 1995
Carbon steel plate	Aug. 19, 1993
<i>Sweden:</i>	
Stainless steel wire rod	Sept. 15, 1998
Carbon steel plate	Aug. 19, 1993
<i>Taiwan:</i>	
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Polyester staple fiber	May 25, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Forged stainless steel flanges	Feb. 9, 1994
Helical spring lockwashers	June 28, 1993
Stainless steel butt-weld pipe fittings	June 16, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Light-walled rectangular tube	Mar. 27, 1989
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987

Table A-2–Continued
Antidumping duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
Taiwan– <i>Continued</i> :	
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Porcelain-on-steel cooking ware	Dec. 2, 1986
Small diameter carbon steel pipe	May 7, 1984
Carbon steel plate	June 13, 1979
Tajikistan:	
Solid urea	July 14, 1987
Thailand:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Furfuryl alcohol	July 25, 1995
Canned pineapple	July 18, 1995
Carbon steel butt-weld pipe fittings	July 6, 1992
Welded carbon steel pipe	Mar. 11, 1986
Trinidad and Tobago:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Turkey:	
Steel concrete reinforcing bars	Apr. 17, 1997
Pasta	July 24, 1996
Aspirin	Aug. 25, 1987
Welded carbon steel pipe	May 15, 1986
Turkmenistan:	
Solid urea	July 14, 1987
Ukraine:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Ammonium nitrate	Sept. 12, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate (suspended)	Oct. 24, 1997
Silicomanganese	Oct. 31, 1994
Solid urea	July 14, 1987
United Kingdom:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Carbon steel plate	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Uzbekistan:	
Solid urea	July 14, 1987
Venezuela:	
Silicomanganese	May 23, 2002
Vietnam:	
Frozen fish fillets	Aug. 12, 2003

Source: Compiled from data maintained by the Commission.

Table A-3
Countervailing duty cases active in 2003, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
701-TA-430A	Durum wheat	Canada	09/13/02	A	A	A	N	10/16/03
701-TA-430B	Hard red spring wheat	Canada	09/13/02	A	A	A	A	10/16/03
701-TA-431	DRAMs and DRAM modules	Korea	11/01/02	A	A	A	A	08/04/03
701-TA-432	Prestressed concrete steel wire strand	India	01/31/03	A	A	A	(³)	(³)
701-TA-433	Allura red coloring	India	03/04/03	N	(⁴)	(⁴)	(⁴)	04/18/03
701-TA-434	Fluorescent whitening agents	India	03/31/03	(⁵)	(⁴)	(⁴)	(⁴)	04/14/03
701-TA-435	DAS chemistry	India	05/14/03	N	(⁴)	(⁴)	(⁴)	06/30/03
701-TA-436	Oleoresinous pigment dispersions	India	06/05/03	N	(⁴)	(⁴)	(⁴)	07/21/03
701-TA-437	Carbazole violet pigment 23	India	11/21/03	(³)	(³)	(³)	(³)	(³)

¹ International Trade Administration, U.S. Department of Commerce.

² For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.

³ Pending as of December 31, 2003.

⁴ Not applicable.

⁵ The investigation was discontinued following withdrawal of the petition.

Source: Compiled from data maintained by the Commission.

Table A-4
Countervailing duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 11, 2001
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Carbon steel plate	Aug. 17, 1993
Brass sheet and strip	Jan. 8, 1987
Heavy iron construction castings	May 15, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Softwood lumber	May 22, 2002
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 22, 1989
European Union:	
Sugar	July 31, 1978
France:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Brass sheet and strip	Mar. 6, 1987
Germany:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Sulfanilic acid	Mar. 2, 1993
Indonesia:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Stainless steel bar	Mar. 8, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 10, 1995
Grain-oriented silicon electrical steel	June 7, 1994
Korea:	
DRAMs and DRAM modules	Aug. 11, 2003
Structural steel beams	Aug. 14, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Mexico:	
Carbon steel plate	Aug. 17, 1993

Table A-4–Continued
Countervailing duty orders in effect as of December 31, 2003

Country and commodity	Effective date of original action
Netherlands:	
Low enriched uranium	Feb. 13, 2002
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Pakistan:	
Cotton shop towels	Mar. 9, 1984
South Africa:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Stainless steel plate in coils	May 11, 1999
Spain:	
Carbon steel plate	Aug. 17, 1993
Sweden:	
Carbon steel plate	Aug. 17, 1993
Taiwan:	
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Thailand:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993

Source: Compiled from data maintained by the Commission.

Table A-5
Reviews of existing antidumping duty orders and suspension agreements
completed in 2003, by date of completion

USITC investigation number	Product	Country of origin	Completion date ¹	Action
731-TA-745	Steel concrete reinforcing bars	Turkey	02/24/03	Continued
731-TA-752	Crawfish tail meat	China	07/28/03	Continued
731-TA-753	Cut-to-length carbon steel plate	China	08/29/03	Continued
731-TA-754	Cut-to-length carbon steel plate	Russia	08/29/03	Continued
731-TA-755	Cut-to-length carbon steel plate	South Africa	08/29/03	Revoked
731-TA-756	Cut-to-length carbon steel plate	Ukraine	08/29/03	Continued

¹ The completion date shown is the date of the USITC notification of Commerce.

Source: Compiled from data maintained by the Commission.

Table A-6
Section 337 investigations and related proceedings completed by the
U.S. International Trade Commission during 2003 and those pending on
Dec. 31, 2003

Status of Investigation	Article	Country ¹	Commission determination
Completed:			
337-TA-406	Certain Lens-Fitted Film Packages	Hong Kong	Issued four cease and desist orders in an ancillary (related) enforcement/advisory opinion proceeding.
337-TA-455	Certain Network Interface Cards and Access Points for Use in Direct Sequence Spread Spectrum Wireless Local Area Networks and Products Containing Same	Japan, Taiwan, Singapore	Terminated based on a settlement agreement.
337-TA-460	Certain Sortation Systems, Parts Thereof, and Products Containing Same	Netherlands	Issued limited exclusion order.
337-TA-462	Certain Plastic Molding Machines With Control Systems Having Programmable Operator Interface Incorporating General Purpose Computers, and Components Thereof	Germany, Italy, France	Terminated based on a settlement agreement.
337-TA-468	Certain Microlithographic Machines and Components Thereof	Netherlands	Terminated based on a finding of no violation.
337-TA-471	Certain Data Storage Systems and Components Thereof	Japan	Terminated based on a settlement agreement.
337-TA-476	Certain Radios and Components Thereof	China	Terminated based on withdrawal of the complaint.
337-TA-477	Certain Ammonium Octamolybdate Isomers	China	Terminated based on a finding of no violation.
337-TA-478	Certain Ground Fault Circuit Interrupters and Products Containing Same	China, Hong Kong	Terminated based on withdrawal of the complaint.
337-TA-479	Certain Coamoxiclav Products, Potassium Clavulanate Products, and Other Products Derived from Clavulanic Acid	Austria, Italy, Switzerland	Terminated based on a settlement agreement.
337-TA-480	Certain Panel Fasteners, Products Containing Same, And Components Thereof	Hong Kong	Terminated based on a consent order.
337-TA-482	Certain Compact Disc and DVD Holders	Denmark, Hong Kong, Taiwan	Issued limited exclusion order.
337-TA-483	Certain Tool Handles, Tool Holders, Tool Sets, and Components Thereof	Taiwan	Terminated based on a finding of no violation.
337-TA-484	Certain Machine Vision Systems, Parts and Components Thereof and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-485	Certain Truck Bed Ramps and Components Thereof	Canada	Terminated based on a finding of no violation.
337-TA-486	Certain Agricultural Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof	China	Issued a limit exclusion order.
337-TA-488	Certain Screen Printing Machines, Vision Alignment Devices Used Therein, and Component Parts Thereof	Germany	Terminated based on a settlement agreement.

See footnote at end of table.

Table A-6—Continued
Section 337 investigations and related proceedings completed by the
U.S. International Trade Commission during 2003 and those pending on
Dec. 31, 2003

Status of Investigation	Article	Country ¹	Commission determination
337-TA-495	Certain Breath Test Systems for the Detection of Gastrointestinal Disorders and Components Thereof	Israel	Terminated based on a consent order.
Pending:			
337-TA-406	Certain Lens-Fitted Film Packages	Hong Kong	Three related (ancillary) proceedings pending before the Commission: (1) advisory opinion proceeding; (2) enforcement proceeding; and (3) bond forfeiture proceeding.
337-TA-469	Certain Bearings and Packaging Thereof	Mexico, Canada	Pending before the Commission.
337-TA-474	Certain Recordable Compact Discs and Rewritable Compact Discs	Hong Kong, Taiwan	Pending before the Commission.
337-TA-481	Certain Display Controllers with Upscaling Functionality and Products	Taiwan	Pending before the Commission.
337-TA-487	Certain Agricultural Vehicles and Components Thereof	China, Netherlands, France, Germany, and Canada	Pending before the ALJ.
337-TA-489	Certain Sildenafil or Any Pharmaceutically Acceptable Salt Thereof, Such as Sildenafil Citrate, and Products Containing Same	Belize, Israel, Nicaragua, Syria, United Kingdom, India, China	Pending before the Commission.
337-TA-490	Certain Power Amplifier Chips, Broadband Tuner Chips, Transceiver Chips, And Products Containing Same	Taiwan, Canada, China	Pending before the ALJ.
337-TA-491	Certain Display Controllers and Products Containing Same	Taiwan	Pending before the ALJ.
337-TA-492	Certain Plastic Grocery and Retail Bags	Thailand, China, Singapore, Hong Kong	Pending before the ALJ.
337-TA-493	Certain Zero-Mercury-Added Alkaline Batteries, Parts Thereof, and Products Containing Same	China, Hong Kong, Indonesia, Japan, Singapore	Pending before the ALJ.
337-TA-494	Certain Automotive Measuring Devices, Products Containing Same, And Bezels for Such Devices	Taiwan	Pending before the ALJ.
337-TA-496	Certain Home Vacuum Packaging Machines	Korea	Pending before the ALJ.
337-TA-497	Certain Universal Transmitters for Garage Door Openers	Hong Kong, Canada	Pending before the ALJ.
337-TA-498	Certain Insect Traps	China	Pending before the ALJ.
337-TA-499	Certain Audio Digital-to-Analog Converters and Products Containing Same	United Kingdom	Pending before the ALJ.
337-TA-500	Certain Purple Protective Gloves	Malaysia, China	Pending before the ALJ.
337-TA-501	Certain Encapsulated Integrated Circuit Devices and Products Containing Same	Malaysia	Pending before the ALJ.

¹ This column lists the countries of the foreign respondents named in the investigation.

Source: U.S. International Trade Commission.

Table A-7
Outstanding Section 337 exclusion orders as of Dec. 31, 2003

Investigation No.	Article	Country ¹	Date patent expires ²
337-TA-55	Certain Novelty Glasses	Hong Kong	Nonpatent
337-TA-69	Certain Airtight Cast-Iron Stoves	Taiwan, Korea	Nonpatent
337-TA-87	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-105	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-112	Certain Cube Puzzles	Taiwan, Japan, Canada	Nonpatent
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Nonpatent
337-TA-118	Certain Sneakers With Fabric Uppers and Rubber Soles	Korea	Nonpatent
337-TA-137	Certain Heavy-Duty Staple Gun Tackers	Taiwan, Hong Kong, Korea	Nonpatent
337-TA-152	Certain Plastic Food Storage Containers	Hong Kong, Taiwan	Nonpatent
337-TA-167	Certain Single Handle Faucets	Taiwan	Nonpatent
337-TA-174	Certain Woodworking Machines	Taiwan, South Africa	Nonpatent
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Nonpatent
337-TA-197	Certain Compound Action Metal Cutting Snips and Components Thereof	Taiwan	Nonpatent
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Nonpatent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefor	No foreign respondents	Nonpatent
337-TA-254	Certain Small Aluminum Flashlights and Components Thereof	Hong Kong, Taiwan	June 6, 2004 ³
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Same and Processes for Making Such Memories	Korea	June 7, 2005 ³
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Nonpatent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Nonpatent
337-TA-287	Certain Strip Lights	Taiwan	Nonpatent
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	Jan. 13, 2004 June 19, 2005 ³
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Jan. 27, 2004 Sept. 22, 2006 ³
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent June 22, 2006 ³ July 22, 2006 ³
337-TA-320	Certain Rotary Printing Apparatus Using Heated Ink Composition, Components Thereof, and Systems Containing Said Apparatus and Components	Spain, France	Apr. 30, 2004 ³
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent

See footnotes at end of table.

Table A-7—Continued
Outstanding Section 337 exclusion orders as of Dec. 31, 2003

Investigation No.	Article	Country ¹	Date patent expires ²
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Oct. 22, 2006 ³
337-TA-333	Certain Woodworking Accessories	Taiwan	Mar. 2, 2008 ³
337-TA-360	Certain Devices For Connecting Computers Via Telephone Lines	Taiwan	Feb. 13, 2007
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Aug. 21, 2007 ³ Oct. 12, 2008 ³
337-TA-372	Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same	China, Hong Kong, Taiwan	May 20, 2005 ³
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	Jan. 22, 2008
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011 ³
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Oct. 5, 2008 Oct. 5, 2008 Oct. 5, 2008 Apr. 28, 2009 Apr. 28, 2009
337-TA-391	Certain Toothbrushes and the Packaging Thereof	China, Taiwan	Aug. 4, 2006
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	May 23, 2006 Aug. 8, 2006 Nov. 28, 2006 Sept. 4, 2007 Sept. 4, 2007 Nov. 27, 2007 Apr. 5, 2008 Nov. 5, 2008 Mar. 7, 2009 Aug. 10, 2010 Aug. 13, 2010 Nov. 1, 2011 Jan. 10, 2012 Apr. 18, 2012 July 25, 2012
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	China, Taiwan	Feb. 7, 2006 July 25, 2006 June 7, 2015
337-TA-416	Certain Compact Multipurpose Tools	China, Taiwan	July 1, 2011 Oct. 21, 2011 Oct. 21, 2011 Oct. 21, 2011
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, And Components Thereof	Taiwan, China	May 31, 2008
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	Nonpatent
337-TA-440	Certain 4-Androstenediol	China	July 13, 2018
337-TA-446	Certain Ink Jet Cartridges and Components Thereof	Taiwan	Nov. 22, 2005 Nov. 22, 2005 Dec. 6, 2005 Nov. 3, 2007 Dec. 22, 2008 Apr. 25, 2012
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles	Taiwan, Israel, Germany	July 8, 2014

See footnotes at end of table.

Table A-7—Continued
Outstanding Section 337 exclusion orders as of Dec. 31, 2003

Investigation No.	Article	Country ¹	Date patent expires ²
337-TA-449	Certain Abrasive Products Made Using a Process for Making Powder Preforms and Products Containing Same	Taiwan	Apr. 8, 2014
337-TA-460	Certain Sortation Systems, Parts Thereof, and Products Containing Same	Netherlands	Oct. 31, 2010
337-TA-473	Certain Video Game Systems, Accessories, and Components Thereof	No foreign respondents	Dec. 18, 2015 Dec. 25, 2015
337-TA-482	Certain Compact Disc and DVD Holders	Denmark, Hong Kong, Taiwan	May 1, 2015
337-TA-486	Certain Agricultural Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof	China	Nonpatent

¹ This column lists the countries of the foreign respondents named in the investigation.

² Multiple dates indicate the expiration dates of separate patents within the investigation.

³ Patent term extended pursuant to 35 U.S.C. 154(c).

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-8
U.S. Imports for consumption of leading GSP duty-free imports, 2003

(Thousand dollars)

HTS Rank	HTS No.	Description	Total U.S. Imports for consumption	GSP Eligible	GSP Duty Free
1	27090020	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	43,076,312	4,443,866	4,368,610
2	71131950	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	4,431,987	2,233,565	1,886,340
3	29051120	Methanol (methyl alcohol), n.e.s.o.i.	858,831	777,475	425,253
4	85443000	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	5,271,627	646,677	284,283
5	76061230	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	1,016,867	235,904	234,203
6	71131929	Gold necklaces and neck chains, other than rope or mixed link	832,552	273,889	211,331
7	85281228	Non-high definition color television reception apparatus, nonprojection, video display diagonal over 35.56 cm, incorporating a VCR or player	506,149	230,034	206,653
8	87087045	Road wheels for motor vehicles	1,417,769	210,662	204,360
9	27090010	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	25,977,009	212,409	197,971
10	39076000	Polyethylene terephthalate in primary forms	535,913	189,734	188,899
11	87083950	Brakes and servo-brakes and parts thereof, n.e.s.o.i., excluding mounted brake linings, for motor vehicles not agricultural tractors	2,436,293	178,612	164,772
12	68029300	Monumental or building stone & arts. thereof, of granite, further worked than simply cut/sawn, nesoi	649,562	262,690	164,220
13	72024100	Ferrochromium containing more than 3 percent of carbon	162,040	161,822	161,341
14	41071150	Full grain unsplit upholstery leather of bovines n.e.s.o.i. and equines, no hair on, prepared after tanning or crusting, not of HTS 4114	251,029	165,400	159,501
15	44189045	Builders' joinery and carpentry of wood, including cellular wood panels, n.e.s.o.i.	901,586	168,657	158,997
16	27101905	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	10,885,449	165,852	158,402
17	44121940	Plywood of wood sheets not over 6 mm thick, with outer plies of coniferous wood, with face ply n.e.s.o.i., clear or not surface covered	265,447	156,525	156,088
18	87089980	Parts and accessories n.e.s.o.i., of motor vehicles, n.e.s.o.i.	5,044,205	192,557	151,001
19	40111010	New pneumatic radial tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	2,422,989	272,692	148,220
20	17011110	Raw sugar not containing added flavoring or coloring	426,060	376,423	145,343
		Top 20 items	107,369,675	11,555,445	9,775,787
		All other	1,137,742,922	19,342,988	11,500,396
		Total	1,245,112,597	30,898,433	21,276,183

Note.—Figures do not include Virgin Island imports. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

Source: Compiled from official statistics for the U.S. Department of commerce.

Table A-9
U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule,
2003

(Million dollars)

HTS sector	Rank	Description	Total imports	GSP eligible	GSP duty free
SECTION I	1	Live animals; animal products	16,058	72	63
SECTION II	2	Vegetable products	14,570	1,110	327
SECTION III	3	Animal and vegetable fats, oils, and waxes	1,519	53	47
SECTION IV	4	Prepared foodstuffs; beverages, spirits; tobacco	27,235	1,979	1,118
SECTION V	5	Mineral products	144,815	4,874	4,760
SECTION VI	6	Chemical products	94,515	2,308	1,201
SECTION VII	7	Plastics and rubber	34,059	1,983	1,393
SECTION VIII	8	Raw hides and skins, leather, furskins; saddlery; handbags	8,493	493	433
SECTION IX	9	Wood; charcoal; cork; straw and other plaiting materials	17,171	1,215	885
SECTION X	10	Wood pulp; paper and paperboard	21,586	415	354
SECTION XI	11	Textiles and textile articles	80,395	413	250
SECTION XII	12	Footwear, headgear, umbrellas; artificial flowers	18,461	50	43
SECTION XIII	13	Stone, plaster, cement, asbestos, ceramic and glass articles	12,907	1,253	1,011
SECTION XIV	14	Pearls, precious or semi-precious stones; imitation jewellery	28,081	3,104	2,443
SECTION XV	15	Base metals and articles of base metal	52,956	3,468	2,183
SECTION XVI	16	Machinery and appliances; electrical equipment	325,473	5,229	2,700
SECTION XVII	17	Vehicles, aircraft, vessels, transport equipment	196,288	1,521	1,152
SECTION XVIII	18	Optical, photographic, medical, and musical instruments; clocks	43,187	760	434
SECTION XIX	19	Arms and ammunition; parts and accessories thereof	1,090	61	58
SECTION XX	20	Miscellaneous manufactured articles	53,596	537	421
SECTION XXI	21	Works of art, collectors' pieces and antiques	4,376	0	0
SECTION XXII	22	Special classification provisions	48,280	0	0
Total			1,245,113	30,898	21,276

Note.—Figures do not include Virgin Island imports

Source: Compiled from official statistics for the U.S. Department of Commerce.

Table A-10
U.S. imports for consumption of leading imports under AGOA, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	9,060,370	9,047,680	14,131,660	56.2
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	¹ 269,983	448,404	558,536	24.6
8703.23.00	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity 1,500-3000 cc	4	338,959	319,362	-5.8
8703.24.00	Other passenger motor vehicles, with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over	232,277	132,784	303,862	128.8
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	98,517	153,938	254,571	65.4
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	24,042	234,808	249,219	6.1
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	61,964	159,734	233,175	46.0
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	82,361	161,475	213,648	32.3
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	² 57,723	52,549	144,777	175.5
7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	55,478	70,519	79,790	13.1
7202.41.00	Ferrochromium containing more than 3 percent of carbon	42,853	36,531	72,549	98.6
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	8,216	39,506	57,190	44.8
7202.30.00	Ferrosilicon manganese	37,388	50,749	49,910	-1.7
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	4,920	30,350	46,343	52.7
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	13,823	29,657	45,845	54.6
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	7,453	25,021	42,931	71.6
7202.11.50	Ferromanganese containing by weight more than 4 percent carbon	28,058	43,305	39,394	-9.0
8708.70.45	Road wheels for motor vehicles	19,967	17,883	34,090	90.6
2804.69.10	Silicon, containing by weight less than 99.99 percent but not less than 99 percent of silicon	24,692	22,753	32,314	42.0
1701.11.10	Raw sugar not containing added flavoring or coloring	27,561	42,219	30,140	-28.6
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	9,544	15,350	28,749	87.3
6103.43.15	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	3,672	11,952	25,151	110.4
0805.10.00	Oranges, fresh or dried	14,490	15,335	23,612	54.0
1805.00.00	Cocoa powder, not containing added sugar or other sweetening matter	4,507	11,399	23,589	106.9
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	9,058	24,146	22,410	-7.2
	Total of items shown	10,198,920	11,217,006	17,062,818	52.1
	All other	609,976	745,527	925,152	24.1
	Total of all commodities	10,808,896	11,962,532	17,987,970	50.4

¹ In 2001, imports under current HTS 2710.19.05 were reported under 2710.00.05.

² In 2001, imports under current HTS 2710.11.25 were reported under 2710.00.25.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

U.S. imports for consumption under AGOA provisions, by source, 2003

Table A-11
U.S. imports for consumption under AGOA provisions; by source,, 2001-03
(1,000 dollars)

Rank	Source	2001	2002	2003	Percent Change 2002-03
1	Nigeria	5,688,461	5,409,660	9,356,012	73.0
2	Angola	2,511,022	2,826,122	3,882,948	37.4
3	Republic of South Africa	923,243	1,342,594	1,668,573	24.3
4	Gabon	938,760	1,145,627	1,177,458	2.8
5	Lesotho	129,592	318,029	372,674	17.2
6	Republic of the Congo	130,235	106,633	340,790	219.6
7	Madagascar	97,105	79,728	187,879	135.6
8	Kenya	58,873	129,210	184,441	42.7
9	Cameroon	37,174	115,804	147,011	26.9
10	Mauritius	53,975	114,292	143,077	25.2
11	Swaziland	14,770	81,252	133,975	64.9
12	Democratic Rep of the Congo	118,527	144,885	119,471	-17.5
13	Cote d'Ivoire	13,321	49,733	88,037	77.0
14	Malawi	35,362	46,904	59,256	26.3
15	Namibia	93	1,717	46,755	2,622.8
16	Ghana	42,889	34,830	40,586	16.5
17	Chad	0	0	14,478	(¹)
18	Mozambique	5,278	5,916	7,917	33.8
19	Botswana	1,221	4,578	6,324	38.1
20	Ethiopia	822	2,320	2,885	24.3
21	Cape Verde	152	51	2,465	4,771.5
22	Tanzania	899	1,293	1,569	21.4
23	Uganda	141	32	1,509	4,631.9
24	Senegal	567	499	720	44.2
25	Zambia	775	83	510	515.3
26	Mali	293	342	262	-23.3
27	Guinea	191	68	194	184.0
28	Sierra Leone	387	217	75	-65.5
29	Niger	42	22	63	186.7
30	Djibouti	0	23	27	16.3
31	The Gambia	1	24	20	-17.6
32	Rwanda	318	10	6	-36.8
33	Mauritania	0	35	3	-90.3
34	Seychelles	4,230	0	3	(¹)
35	Benin	178	0	0	(¹)
36	Guinea-Bissau	0	0	0	(¹)
37	Sao Tome and Principe	0	0	0	(¹)
38	Total	10,808,896	11,962,532	17,987,970	50.4

¹ Not applicable.

Note.—Because of rounding, figures may not add to totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-12
U.S. imports for consumption under ATPA provisions, by source, 2001-03
(1,000 dollars)

Rank	Source	2001	2002	2003	Percent Change 2002-03
1	Colombia	717,966	404,148	2,908,692	619.7
2	Ecuador	216,300	177,734	1,553,604	774.1
3	Peru	686,341	381,814	1,279,283	235.1
4	Bolivia	53,999	37,119	94,453	154.5
	Total	1,674,607	1,000,816	5,836,032	483.1

Note.—Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-13
U.S. imports for consumption of leading imports under ATPA, 2001-03
(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	0	66,571	1,556,843	2238.6
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	0	119,804	1,434,729	1097.6
7403.11.00	Cathodes and sections of cathodes, of refined copper	429,379	248,663	447,368	79.9
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	(¹)	7,263	236,458	3155.4
0603.10.60	Roses, fresh cut	180,283	69,765	204,473	193.1
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	0	0	202,262	(²)
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	(³)	9,722	174,970	1699.8
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	85,244	43,302	124,475	187.5
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	0	0	115,382	(²)
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	92,342	46,539	98,709	112.1
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	0	0	84,559	(²)
0709.20.90	Asparagus, fresh or chilled, not reduced in size, not entered Sept. 15-Nov. 15	28,261	31,589	60,498	91.5
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps . .	78,685	36,704	59,108	61.0
2402.20.80	Cigarettes containing tobacco but not clove, paper-wrapped	13,781	20,524	55,271	169.3
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	0	0	50,922	(²)
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	24,449	21,828	42,039	92.6
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	0	0	37,888	(²)
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	0	0	29,743	(²)
1701.11.10	Raw sugar not containing added flavoring or coloring	26,818	3,637	26,083	617.3
1604.14.30	Tunas and skipjack, not in oil, in airtight containers, over 7 kg, or over quota	0	0	25,474	(²)
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period from September 1, in any year, to the following May 31, inclusive	17,742	7,601	25,078	229.9
0603.10.30	Miniature (spray) carnations, fresh cut	24,584	13,239	23,213	75.3
0709.20.10	Asparagus, fresh or chilled, not reduced in size, entered Sept. 15-Nov. 15	15,239	18,729	19,399	3.6
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	0	0	17,666	(²)
4421.90.97	Articles of wood, n.e.s.o.i.	(⁴)	6,571	17,436	165.4
	Total of items shown	1,016,807	772,051	5,170,046	569.7
	All other	657,800	228,765	665,986	191.1
	Total of all commodities	1,674,607	1,000,816	5,836,032	483.1

¹ In 2001, imports under current HTS 2710.19.05 were reported under 2710.00.05.

² Not applicable.

³ In 2001, imports under current HTS 2710.11.25 were reported under 2710.00.25.

⁴ In 2001, imports under current HTS 4421.90.97 were reported under 4418.90.40 part and 4421.90.98.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-14
U.S. imports for consumption of leading imports under CBERA, 2001-03
(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	931,920	1,093,055	1,195,086	9.3
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	759,714	863,751	822,045	-4.8
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	263,518	609,776	741,541	21.6
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	376,228	485,435	677,858	39.6
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	305,308	438,609	440,893	0.5
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	249,310	289,466	343,506	18.7
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	281,988	219,876	340,004	54.6
6212.10.90	Brassieres, not containing lace, net, or embroidery, not 70 percent or more silk, whether or not knitted or crocheted	221,991	385,518	283,415	-26.5
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	283,586	290,408	269,829	-7.1
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	211,637	228,526	228,348	-0.1
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	195,541	261,127	219,738	-15.9
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	133,697	168,287	194,147	15.4
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	185,193	227,516	186,333	-18.1
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	111,888	138,743	183,571	32.3
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	75,180	130,900	167,502	28.0
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	173,924	215,416	160,934	-25.3
6115.92.90	Stockings, socks, and other hosiery, not surgical and not containing lace or net, knitted or crocheted, of cotton, n.e.s.o.i.	32	4	157,970	4,206
6109.90.10	T-shirts, singlets, tank tops, and similar garments, nitted or crocheted, of man-made fibers	209,080	173,750	133,081	-23.4
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	149,340	132,954	130,965	-1.5
1701.11.10	Raw sugar not containing added flavoring or coloring	117,133	148,769	128,001	-14.0
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15	114,444	122,247	106,631	-12.8
6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	63,226	95,140	97,214	2.2
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	75,312	91,467	95,222	4.1
8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 volts	70,315	77,141	91,292	18.3
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	55,221	96,838	90,826	-6.2
	Total of items shown	5,514,725	6,984,717	7,485,951	7.2
	All other	2,793,445	3,018,543	2,943,678	-2.5
	Total of all commodities	8,308,171	10,003,260	10,429,629	4.3

¹ In 2001, imports under current HTS 2710.19.05 were reported under 2710.00.05.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-15
U.S. imports for consumption under CBERA provisions, by source, 1999-2003
(1,000 dollars)

Rank	Source	1999	2000	2001	2002	2003	Percent Change 2002-03
1	Dominican Republic	820,270	852,294	2,363,324	2,679,342	2,614,736	-2.4
2	Honduras	180,152	252,149	1,670,844	1,989,871	2,175,122	9.3
3	Trinidad and Tobago	217,857	329,471	753,448	1,173,434	1,410,853	20.2
4	El Salvador	59,051	71,565	1,008,274	1,144,089	1,185,146	3.6
5	Guatemala	285,349	264,630	744,157	1,044,628	1,088,930	4.2
6	Costa Rica	683,017	617,142	1,011,454	1,154,516	1,083,025	-6.2
7	Nicaragua	50,556	57,555	147,887	212,845	249,015	17.0
8	Haiti	21,914	25,160	158,698	176,509	210,690	19.4
9	Jamaica	89,593	89,459	195,207	194,059	178,939	-7.8
10	Bahamas	56,018	74,451	75,811	70,881	87,996	24.1
11	Belize	23,057	32,360	48,519	42,834	41,583	-2.9
12	Panama	45,962	42,639	42,254	41,551	40,834	-1.7
13	St Kitts-Nevis	25,617	27,613	29,490	27,305	25,713	-5.8
14	Guyana	14,706	17,143	23,769	21,912	16,668	-23.9
15	Barbados	24,632	10,441	12,002	12,357	6,951	-43.8
16	St. Lucia	9,249	7,471	7,225	7,980	5,288	-33.7
17	Netherlands Antilles	1,612	3,624	6,043	3,089	2,714	-12.1
18	St Vincent and Grenadines	7,195	1,947	2,223	5,514	2,536	-54.0
19	Dominica	9,497	196	80	374	2,528	576.7
20	British Virgin Islands	364	31	21	66	229	245.9
21	Aruba	19	128	22	23	69	202.5
22	Antigua	22	4	152	43	60	40.4
23	Grenada	11,486	16,702	7,265	37	3	-93.3
24	Montserrat	6	0	0	0	0	(¹)
	Total	2,637,204	2,794,174	8,308,171	10,003,260	10,429,629	4.3

¹ Not applicable.

Note.—Because of rounding, figures may not add to totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-16
U.S. merchandise trade with the European Union, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	3,615,305	3,547,382	3,815,784	7.6
1	Beverages and tobacco	1,494,420	1,266,472	1,335,127	5.4
2	Crude materials, inedible, except fuels	5,760,116	5,509,760	5,481,299	-0.5
3	Mineral fuels, lubricants and related materials	1,782,647	1,331,411	1,149,193	-13.7
4	Animal and vegetable oils, fats and waxes	146,021	135,140	136,202	0.8
5	Chemicals and related products, n.e.s.	22,905,809	23,493,206	27,750,994	18.1
6	Manufactured goods classified chiefly by material	9,183,924	7,617,704	7,835,845	2.9
7	Machinery and transport equipment	75,965,545	65,856,659	65,320,965	-0.8
8	Miscellaneous manufactured articles	20,211,409	17,997,442	18,821,855	4.6
9	Commodities and transactions not classified elsewhere in the SITC	6,262,197	5,807,510	6,490,789	11.8
	Total all exports commodities	147,327,393	132,562,685	138,138,053	4.2
0	Food and live animals	3,421,996	3,643,423	4,085,757	12.1
1	Beverages and tobacco	5,174,929	5,779,257	6,592,324	14.1
2	Crude materials, inedible, except fuels	1,767,712	1,952,295	2,023,675	3.7
3	Mineral fuels, lubricants and related materials	7,040,933	8,021,041	10,213,616	27.3
4	Animal and vegetable oils, fats and waxes	402,416	490,108	583,676	19.1
5	Chemicals and related products, n.e.s.	41,210,891	47,206,951	55,151,837	16.8
6	Manufactured goods classified chiefly by material	23,648,557	22,474,821	23,593,824	5.0
7	Machinery and transport equipment	94,720,588	92,766,919	97,247,779	4.8
8	Miscellaneous manufactured articles	28,874,363	28,873,050	30,302,377	5.0
9	Commodities and transactions not classified elsewhere in the SITC	12,648,600	12,523,920	12,415,615	-0.9
	Total all imports commodities	218,910,985	223,731,786	242,210,479	8.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.” stands for “not elsewhere specified”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-17
Leading exports to the European Union, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	7,122,280	6,080,533	5,816,183	-4.3
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,923,745	4,556,992	4,743,534	4.1
8473.30	Parts and accessories for automated data processing machines and nits	6,134,356	4,582,910	4,697,531	2.5
3004.90	Certain medicaments put up in measured doses or in forms or packings for retail sale, n.e.s.o.i.	3,803,472	3,362,003	4,240,570	26.1
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	3,785,774	3,354,157	3,434,912	2.4
8411.91	Parts for turbojets or turbopropellers	3,432,020	3,472,683	3,231,321	-7.0
8542.21	Electronic monolithic digital integrated circuits	¹ 2,552,123	2,061,125	2,155,578	4.6
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,242,757	1,135,703	2,072,681	82.5
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	887,422	1,747,739	2,003,862	14.7
3002.10	Antisera and other blood fractions, and modified immunological products	930,328	1,317,441	1,831,009	39.0
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,693,816	1,624,885	1,690,134	4.0
8411.12	Turbojets of a thrust exceeding 25 kN	2,223,170	1,799,174	1,642,962	-8.7
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,442,258	1,448,520	1,642,517	13.4
8471.80	Other units of automated data processing machines	2,326,987	1,443,327	1,476,196	2.3
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,895,431	1,731,568	1,387,519	-19.9
9021.90	Appliances n.e.s.o.i., worn, carried, or implanted in the body, to compensate for a defect or disability; parts and accessories thereof	406,636	796,069	1,278,701	60.6
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	680,604	702,392	1,134,613	61.5
8703.33	Passenger motor vehicles with compression-ignition internal combustion piston engine (diesel), cylinder capacity over 2,500 cc	668,529	880,701	1,119,425	27.1
2933.39	Heterocyclic compounds containing an unfused pyridine ring, whether or not hydrogenated, in the structure, n.e.s.o.i.	204,111	248,821	1,117,360	349.1
1201.00	Soybeans, whether or not broken	1,172,436	1,155,579	1,116,724	-3.4
8411.99	Gas turbine parts, n.e.s.o.i.	971,726	1,125,009	1,095,405	-2.6
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	887,870	853,552	1,059,515	24.1
8517.90	Parts of telephonic or telegraphic apparatus	1,531,298	1,233,340	912,591	-26.0
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	709,300	859,915	901,214	4.8
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts	905,029	851,876	890,248	4.5
	Total of items shown	52,533,477	48,426,014	52,692,306	8.8
	All other	94,793,916	84,136,671	85,445,747	1.6
	Total of all commodities	147,327,393	132,562,685	138,138,053	4.2

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-18
Leading imports from the European Union, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	12,647,310	14,844,121	16,151,810	8.8
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	10,865,292	11,417,058	14,104,173	23.5
3004.90	Certain medicaments put up in measured doses or in forms or packings for retail sale, n.e.s.o.i.	7,004,170	11,238,935	13,860,396	23.3
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	8,306,068	8,304,532	7,753,669	-6.6
2934.99	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds, n.e.s.o.i.	(¹)	5,880,598	6,613,239	12.5
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	(²)	4,158,784	3,957,540	-4.8
9999.95	Estimated "low valued" shipments	3,436,620	3,417,580	3,745,572	9.6
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	(³)	2,936,875	3,633,302	23.7
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	6,036,294	4,545,500	3,348,542	-26.3
8411.91	Parts for turbojets or turbopropellers	3,932,431	3,269,714	3,223,954	-1.4
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	(⁴)	2,109,453	2,971,733	40.9
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,247,334	2,432,145	2,713,795	11.6
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	3,200,807	2,927,325	2,195,904	-24.50
8473.30	Parts and accessories for automated data processing machines and units	2,118,588	1,924,027	2,037,033	5.9
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	842,169	1,867,032	2,023,416	8.4
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	880,808	1,420,862	1,825,882	28.5
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,287,393	1,487,537	1,823,313	22.6
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	2,142,922	1,759,978	1,656,785	-5.9
8542.21	Electronic monolithic digital integrated circuits	⁵ 1,497,281	1,599,567	1,593,600	-0.4
8525.20	Transmission apparatus incorporating reception apparatus	866,138	1,620,962	1,578,230	-2.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,185,402	1,243,982	1,511,039	21.5
8411.12	Turbojets of a thrust exceeding 25 kN	3,568,610	2,616,552	1,491,197	-43.0
2931.00	Organo-inorganic compounds, n.e.s.o.i.	980,282	1,373,369	1,465,491	6.7
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,433,095	1,534,493	1,302,547	-15.1

See footnotes at end of table.

Table A-18—Continued
Leading imports from the European Union, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
2203.00	Beer made from malt	1,139,004	1,254,003	1,279,237	2.0
	Total of items shown	75,618,018	97,184,983	103,861,398	6.9
	All other	143,292,967	126,546,803	138,349,081	9.3
	Total of all commodities	218,910,985	223,731,786	242,210,479	8.3

¹ In 2001, imports under current HTS 2934.99 were reported under 2934.90 part.

² In 2001, imports under current HTS 2933.99 were reported under 2934.90 part.

³ In 2001, imports under current HTS 2710.11 were reported under 2710.00 part.

⁴ In 2001, imports under current HTS 2710.19 were reported under 2710.00 part.

⁵ In 2001, imports under current HTS 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-19
U.S. merchandise trade with Canada, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	7,264,270	7,693,335	8,167,202	6.2
1	Beverages and tobacco	392,675	388,755	454,715	17.0
2	Crude materials, inedible, except fuels	4,178,073	4,115,162	4,371,962	6.2
3	Mineral fuels, lubricants and related materials	3,572,996	2,594,731	3,968,800	53.0
4	Animal and vegetable oils, fats and waxes	174,292	202,761	257,981	27.2
5	Chemicals and related products, n.e.s.	15,221,120	15,559,747	16,990,467	9.2
6	Manufactured goods classified chiefly by material	20,606,818	20,664,276	20,782,720	0.6
7	Machinery and transport equipment	73,807,700	73,008,416	74,275,974	1.7
8	Miscellaneous manufactured articles	14,973,620	14,317,223	15,056,047	5.2
9	Commodities and transactions not classified elsewhere in the SITC	4,429,180	3,998,696	4,422,738	10.6
	Total all exports commodities	144,620,745	142,543,103	148,748,606	4.4
0	Food and live animals	10,398,710	11,010,921	10,961,510	-0.4
1	Beverages and tobacco	923,085	896,038	889,857	-0.7
2	Crude materials, inedible, except fuels	10,785,521	10,123,750	9,733,277	-3.9
3	Mineral fuels, lubricants and related materials	34,213,010	29,561,267	41,268,537	39.6
4	Animal and vegetable oils, fats and waxes	292,601	310,322	361,121	16.4
5	Chemicals and related products, n.e.s.	12,008,851	12,080,352	13,495,946	11.7
6	Manufactured goods classified chiefly by material	32,126,038	32,093,387	33,239,217	3.6
7	Machinery and transport equipment	85,767,740	83,390,303	84,176,846	0.9
8	Miscellaneous manufactured articles	14,235,790	14,295,286	14,580,450	2.0
9	Commodities and transactions not classified elsewhere in the SITC	16,084,849	16,756,276	15,309,344	-8.6
	Total all imports commodities	216,836,196	210,517,904	224,016,104	6.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-20
Leading exports to Canada, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	4,743,461	5,286,445	5,192,437	-1.8
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,197,396	4,727,589	5,181,735	9.6
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	4,064,844	5,121,944	5,157,224	0.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,733,448	4,088,608	3,957,358	-3.2
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	3,854,986	3,732,343	3,705,931	-0.7
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	3,646,973	3,207,729	3,538,755	10.3
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,138,932	2,798,039	3,257,471	16.4
8708.40	Gear boxes for motor vehicles	2,069,988	2,233,966	2,096,680	-6.1
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,262,758	1,359,727	1,571,861	15.6
8409.91	Parts for spark-ignition internal-combustion piston engines	1,273,461	1,317,340	1,315,897	-0.1
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	731,362	832,895	1,134,561	36.2
2711.21	Natural gas, gaseous state	179,096	369,068	1,077,503	192.0
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,035,185	1,001,802	1,077,048	7.5
8708.39	Brakes and servo-brakes and parts for motor	953,776	1,073,616	1,074,253	0.1
8701.20	Road tractors for semi-trailers	535,019	842,461	1,010,098	19.9
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,070,658	1,034,000	999,760	-3.3
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	861,440	900,756	914,910	1.6
8473.30	Parts and accessories for automated data processing machines and units	1,489,927	1,017,821	907,139	-10.9
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	(¹)	656,325	849,784	29.5
8542.21	Electronic monolithic digital integrated circuits	21,177,161	794,074	792,460	-0.2
4901.99	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	716,789	736,979	772,012	4.8
4902.90	Newspapers, etc. appearing less than 4 times per week	630,838	597,576	750,344	25.6
2716.00	Electrical energy	1,258,244	303,527	715,999	135.9
7326.90	Articles of iron or steel n.e.s.o.i.	773,383	834,540	701,171	-16.0
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,009,862	778,328	697,090	-10.4
	Total of items shown	43,408,987	45,647,498	48,449,483	6.1
	All other	101,211,757	96,895,605	100,299,123	3.5
	Total of all commodities	144,620,745	142,543,103	148,748,606	4.4

¹ In 2001, exports under current Schedule B 2710.19 were reported under 2710.00 part.

² In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-21
Leading imports from Canada, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	25,778,748	26,230,092	26,064,196	-0.6
2711.21	Natural gas, gaseous state	15,355,056	11,428,452	18,249,135	59.7
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	10,121,407	11,195,903	14,086,365	25.8
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	10,046,701	10,599,634	9,014,921	-15.0
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	7,929,566	8,134,225	7,959,664	-2.1
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	5,667,682	5,189,480	4,570,189	-11.9
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,518,332	4,765,859	4,391,893	-7.8
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,376,267	3,827,607	4,329,341	13.1
9999.95	Estimated "low valued" shipments	3,788,331	3,575,721	3,809,534	6.5
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,343,075	2,810,250	3,297,211	17.3
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	2,653,979	2,836,859	3,161,004	11.4
4801.00	Newsprint, in rolls or sheets	3,493,941	2,955,524	2,906,964	-1.6
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	(¹)	1,959,502	2,571,747	31.2
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	(²)	1,996,506	2,558,353	28.1
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,119,538	2,168,140	2,393,861	10.4
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,574,714	1,086,636	2,044,189	88.1
4802.61	Uncoated paper/paperboard for writing/printing/other graphic purposes n.e.s.o.i., over 10 percent fiber by mechanical process, in rolls	(³)	1,653,534	1,560,852	-5.6
7601.20	Unwrought aluminum alloys	1,233,755	1,488,374	1,467,165	-1.4
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	1,110,225	1,474,471	1,400,684	-5.0
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	1,512,996	1,238,946	1,399,435	13.0
2716.00	Electrical energy	2,680,884	1,160,445	1,381,659	19.1
2711.12	Propane, liquefied	1,142,922	847,754	1,329,489	56.8
3004.90	Certain medicaments put up in measured doses or in forms or packings for retail sale, n.e.s.o.i.	687,337	830,116	1,322,606	59.3
7601.10	Aluminum, not alloyed, unwrought	1,384,628	877,665	1,259,320	43.5
8517.90	Parts of telephonic or telegraphic apparatus	1,298,321	1,110,326	977,465	-12.0
	Total of items shown	109,818,402	111,442,024	123,507,241	10.8
	All other	107,017,794	99,075,879	100,508,863	1.4
	Total of all commodities	216,836,196	210,517,904	224,016,104	6.4

¹ In 2001, imports under current HTS 2701.19 were reported under 2710.00 part.

² In 2001, imports under current HTS 2701.11 were reported under 2710.00 part.

³ In 2001, imports under current HTS 4802.61 were reported under 4802.60 part.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-22
U.S. merchandise trade with Mexico, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	5,202,888	4,864,800	5,355,649	10.1
1	Beverages and tobacco	101,671	100,001	106,655	6.7
2	Crude materials, inedible, except fuels	2,934,019	3,092,197	3,350,363	8.3
3	Mineral fuels, lubricants and related materials	3,252,681	3,237,193	2,827,585	-12.7
4	Animal and vegetable oils, fats and waxes	270,375	451,139	372,564	-17.4
5	Chemicals and related products, n.e.s.	8,238,971	8,443,193	9,544,166	13.0
6	Manufactured goods classified chiefly by material	13,058,263	12,396,590	12,288,490	-0.9
7	Machinery and transport equipment	42,705,290	38,991,422	35,808,119	-8.2
8	Miscellaneous manufactured articles	10,514,104	10,614,073	9,781,618	-7.8
9	Commodities and transactions not classified elsewhere in the SITC	4,259,171	3,885,475	3,672,889	-5.5
	Total all exports commodities	90,537,434	86,076,082	83,108,096	-3.4
0	Food and live animals	4,520,323	4,517,402	5,247,899	16.2
1	Beverages and tobacco	1,396,705	1,623,865	1,738,693	7.1
2	Crude materials, inedible, except fuels	815,597	789,472	782,920	-0.8
3	Mineral fuels, lubricants and related materials	9,082,451	11,552,141	14,746,109	27.6
4	Animal and vegetable oils, fats and waxes	22,988	21,443	26,406	23.1
5	Chemicals and related products, n.e.s.	2,030,213	2,187,978	2,235,183	2.2
6	Manufactured goods classified chiefly by material	8,794,047	9,439,156	9,459,428	0.2
7	Machinery and transport equipment	78,182,629	76,905,602	75,681,179	-1.6
8	Miscellaneous manufactured articles	19,925,098	21,283,606	21,295,025	0.1
9	Commodities and transactions not classified elsewhere in the SITC	5,738,881	5,800,511	5,986,412	3.2
	Total all imports commodities	130,508,931	134,121,175	137,199,254	2.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-23
Leading exports to Mexico, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	3,353,352	3,146,328	3,003,106	-4.6
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,639,994	2,591,787	2,030,302	-21.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,468,479	1,427,753	1,622,317	13.6
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	(¹)	1,608,744	1,550,647	-3.6
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,734,435	1,500,455	1,394,885	-7.0
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,414,625	1,483,062	1,189,891	-19.8
8473.30	Parts and accessories for automated data processing machines and units	989,025	1,549,774	1,090,401	-29.6
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,482,204	1,370,887	1,065,094	-22.3
8408.20	Compression-ignition internal-combustion piston engines	538,103	792,127	1,052,566	32.9
1201.00	Soybeans, whether or not broken	769,632	836,385	990,093	18.4
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	645,051	781,692	953,621	22.0
8540.11	Cathode-ray television picture tubes, color, including monitor	1,519,123	1,374,258	860,434	-37.4
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	975,425	778,242	833,699	7.1
8542.21	Electronic monolithic digital integrated circuits	² 1,026,079	894,258	813,480	-9.0
7326.90	Articles of iron or steel n.e.s.o.i.	880,125	747,845	726,397	-2.9
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	468,713	619,214	680,201	9.8
8542.29	Electronic monolithic integrated circuits, other than digital	³ 993,342	480,065	661,835	37.9
1005.90	Corn (maize), other than seed	567,400	590,305	660,959	12.0
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	(⁴)	576,229	597,869	3.8
8708.40	Gear boxes for motor vehicles	619,038	640,316	591,504	-7.6
3923.10	Boxes, cases, crates and similar articles, of plastics	423,475	572,358	587,198	2.6
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	1,057,002	868,460	579,350	-33.3
8503.00	Parts of electric motors, generators and sets	605,513	503,159	540,426	7.4
0201.3.0	Meat of bovine animals, boneless, fresh or chilled	427,060	514,477	532,910	3.6
8471.60	Input or output units for automated data processing machines	477,965	692,079	523,313	-24.4
	Total of items shown	23,055,740	26,940,257	25,132,498	-6.7
	All other	67,481,694	59,135,825	57,975,598	-2.0
	Total of all commodities	90,537,434	86,076,082	83,108,096	-3.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-24
Leading imports from Mexico, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	7,956,789	10,489,963	13,629,630	29.9
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,478,604	5,588,372	5,837,537	4.5
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	8,406,086	7,504,118	5,619,590	-25.1
8528.12	Incomplete or unfinished color reception apparatus for televisions	4,676,319	4,713,232	5,202,728	10.4
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	3,824,036	4,384,409	4,220,588	-3.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	3,825,738	3,848,199	3,953,642	2.7
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	4,731,295	4,268,506	3,652,196	-14.4
8471.50	Digital processing units other than those of 8471.41 and 8471.49	598,797	1,666,169	3,198,490	92.0
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	2,142,426	2,739,617	3,172,250	15.8
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	1,686,905	1,974,339	2,781,912	40.9
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,422,724	1,632,676	1,826,850	11.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,261,570	1,541,891	1,745,652	13.2
8471.60	Input or output units for automated data processing machines	2,491,005	2,659,050	1,680,313	-36.8
8517.50	Other apparatus for carrier-current line systems or for digital line systems	686,968	1,365,453	1,566,000	14.7
9999.95	Estimated "low valued" shipments	1,492,170	1,512,339	1,558,083	3.0
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,460,281	1,517,404	1,481,010	-2.4
8525.20	Transmission apparatus incorporating reception apparatus	2,250,190	1,657,487	1,463,742	-11.7
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts	1,038,736	1,211,250	1,437,350	18.7
8527.21	Radiobroadcast receivers for motor vehicles	1,755,837	1,482,887	1,436,115	-3.2
8525.10	Transmission apparatus for radio or television	2,671,757	1,953,317	1,378,017	-29.5
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,274,602	1,235,979	1,354,805	9.6
8473.30	Parts and accessories for automated data processing machines and units	2,195,946	1,498,284	1,258,548	-16.0
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,037,538	1,213,570	1,166,702	-3.9
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted	1,350,627	1,292,223	1,117,563	-13.5
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	700,139	855,114	1,096,934	28.3
	Total of items shown	66,417,085	69,805,846	72,836,248	4.3
	All other	64,091,846	64,315,330	64,363,007	0.1
	Total of all commodities	130,508,931	134,121,175	137,199,254	2.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-25
U.S. merchandise trade with Japan, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	8,370,239	7,728,331	8,018,240	3.8
1	Beverages and tobacco	1,651,778	1,337,552	1,344,165	0.5
2	Crude materials, inedible, except fuels	3,143,353	2,847,895	2,913,597	2.3
3	Mineral fuels, lubricants and related materials	516,644	563,084	582,076	3.4
4	Animal and vegetable oils, fats and waxes	54,940	68,174	69,598	2.1
5	Chemicals and related products, n.e.s.	6,305,711	6,309,818	6,614,001	4.8
6	Manufactured goods classified chiefly by material	2,705,395	2,345,609	2,329,240	-0.7
7	Machinery and transport equipment	20,788,154	18,413,723	18,401,743	-0.1
8	Miscellaneous manufactured articles	8,619,198	7,288,865	7,197,891	-1.2
9	Commodities and transactions not classified elsewhere in the SITC	1,390,540	1,369,963	1,391,601	1.6
	Total all exports commodities	53,545,953	48,273,014	48,862,153	1.2
0	Food and live animals	311,597	327,584	363,891	11.1
1	Beverages and tobacco	68,836	72,004	58,808	-18.3
2	Crude materials, inedible, except fuels	244,244	244,413	233,239	-4.6
3	Mineral fuels, lubricants and related materials	287,692	201,675	209,700	4.0
4	Animal and vegetable oils, fats and waxes	23,376	23,321	23,682	1.6
5	Chemicals and related products, n.e.s.	6,586,718	6,912,821	7,933,164	14.8
6	Manufactured goods classified chiefly by material	6,712,049	6,463,473	6,582,939	1.8
7	Machinery and transport equipment	94,153,514	92,103,559	89,238,622	-3.1
8	Miscellaneous manufactured articles	13,739,923	11,286,632	10,211,700	-9.5
9	Commodities and transactions not classified elsewhere in the SITC	4,011,439	3,626,993	3,629,310	0.1
	Total all imports commodities	126,139,387	121,262,473	118,485,056	-2.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-26
Leading exports to Japan, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	227,857	1,605,282	2,585,362	61.1
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,933,116	1,834,826	1,844,288	0.5
1005.90	Corn (maize), other than seed	1,327,876	1,554,014	1,599,289	2.9
8542.21	Electronic monolithic digital integrated circuits	¹ 1,748,209	1,552,185	1,421,596	-8.4
1201.00	Soybeans, whether or not broken	729,584	831,161	957,493	15.2
2402.20	Cigarettes containing tobacco	1,175,014	904,546	928,838	2.7
8473.30	Parts and accessories for automated data processing machines and units	1,443,665	889,520	801,109	-9.9
2844.20	Uranium and its compounds enriched in U235; plutonium and its compounds	557,993	878,348	783,288	-10.8
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	610,884	669,943	713,690	6.5
201.30	Meat of bovine animals, boneless, fresh or chilled	738,453	490,618	700,255	42.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	715,005	769,118	613,488	-20.2
8411.91	Parts for turbojets or turbopropellers	601,054	658,523	596,764	-9.4
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	702,254	392,994	573,694	46.0
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	651,133	556,259	550,423	-1.0
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	516,203	471,260	527,668	12.0
1001.90	Wheat and meslin, excluding durum wheat	437,932	483,574	478,270	-1.1
8471.80	Other units of automated data processing machines	903,385	542,925	473,361	-12.8
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	461,542	434,684	466,013	7.2
4403.20	Coniferous wood in the rough, not treated	503,068	428,366	427,699	-0.2
202.30	Meat of bovine animals, boneless, frozen	430,544	292,213	405,479	38.8
203.19	Meat of swine, n.e.s.o.i, fresh or chilled	414,146	391,024	387,219	-1.0
38220	Composite diagnostic or laboratory reagents, except pharmaceuticals	355,556	363,653	376,082	3.4
1214.90	Rutabagas (swedes), mangolds, fodder roots, hay, clover, kale, vetches, and other forage products, n.e.s.o.i., whether or not in pellet form	234,883	310,509	332,691	7.1
8517.50	Other apparatus for carrier-current line systems or for digital line systems	328,417	266,650	309,029	15.9
8471.50	Digital processing units other than those of 8471.41 and 8471.49	382,360	332,529	286,034	-14.0
	Total of items shown	18,130,132	17,904,723	19,139,123	6.9
	All other	35,415,821	30,368,291	29,723,030	-2.1
	Total of all commodities	53,545,953	48,273,014	48,862,153	1.2

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-27
Leading imports from Japan, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	8,689,152	11,742,046	15,729,733	34.0
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	23,052,195	22,449,907	15,203,935	-32.3
8473.30	Parts and accessories for automated data processing machines and units	4,115,304	4,076,799	3,491,260	-14.4
8525.40	Still image video cameras and other video camera recorders	2,616,894	3,120,016	3,365,198	7.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,950,244	2,370,928	2,598,681	9.6
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,529,348	2,241,948	2,245,718	0.2
8708.40	Gear boxes for motor vehicles	1,267,810	1,650,331	2,031,014	23.1
8471.60	Input or output units for automated data processing machines	3,422,973	2,487,732	1,375,114	-44.7
3004.90	Certain medicaments put up in measured doses or in forms or packings for retail sale, n.e.s.o.i.	1,018,776	1,177,984	1,324,876	12.5
9999.95	Estimated "low valued" shipments	1,412,262	1,314,300	1,317,317	0.2
8542.21	Electronic monolithic digital integrated circuits	1 ² ,633,930	1,558,102	1,306,104	-16.2
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,503,383	1,542,385	1,209,652	-21.6
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	758,651	1,169,478	1,191,134	1.9
8409.91	Parts for spark-ignition internal-combustion piston engines	994,388	1,036,169	1,129,966	9.1
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	597,438	645,424	928,009	43.8
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	753,326	863,573	911,147	5.5
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	118,116	201,467	881,231	337.4
8473.40	Parts and accessories for duplicating, addressing, stapling, and other office machines, n.e.s.o.i.	25,834	89,980	874,451	871.8
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,386,204	1,016,245	841,011	-17.2
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	658,753	651,545	800,229	22.8
8528.21	Video monitors, color	373,925	513,796	742,953	44.6
8701.90	Tractors, n.e.s.o.i.	531,144	625,061	740,766	18.5
8528.12	Incomplete or unfinished color reception apparatus for televisions	148,905	391,295	738,143	88.6
8471.70	Automatic data processing storage units	1,309,281	947,908	681,738	-28.1
8407.21	Outboard motors for marine propulsion	449,318	587,152	673,473	14.7
	Total of items shown	62,317,555	64,471,573	62,332,853	-3.3
	All other	63,821,832	56,790,900	56,152,203	-1.1
	Total of all commodities	126,139,387	121,262,473	118,485,056	-2.3

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 854.24, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-28
U.S. merchandise trade with China, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	500,985	534,982	790,805	47.8
1	Beverages and tobacco	5,609	5,364	11,488	114.2
2	Crude materials, inedible, except fuels	3,093,296	3,265,599	6,726,992	106.0
3	Mineral fuels, lubricants and related materials	93,405	93,753	129,627	38.3
4	Animal and vegetable oils, fats and waxes	14,127	27,940	102,630	267.3
5	Chemicals and related products, n.e.s.	2,180,334	2,914,450	3,561,020	22.2
6	Manufactured goods classified chiefly by material	1,065,242	1,259,138	1,933,410	53.6
7	Machinery and transport equipment	9,373,724	10,603,836	11,289,215	6.5
8	Miscellaneous manufactured articles	1,423,788	1,619,253	1,894,113	17.0
9	Commodities and transactions not classified elsewhere in the SITC	208,532	228,676	267,637	17.0
	Total all exports commodities	17,959,041	20,552,991	26,706,938	29.9
0	Food and live animals	1,141,060	1,502,654	1,995,720	32.8
1	Beverages and tobacco	34,798	37,866	31,721	-16.2
2	Crude materials, inedible, except fuels	595,270	634,057	773,219	21.9
3	Mineral fuels, lubricants and related materials	393,916	355,344	456,724	28.5
4	Animal and vegetable oils, fats and waxes	5,765	6,327	9,456	49.5
5	Chemicals and related products, n.e.s.	2,054,728	2,426,268	2,984,683	23.0
6	Manufactured goods classified chiefly by material	10,727,348	13,330,110	16,161,703	21.2
7	Machinery and transport equipment	34,790,258	46,018,538	60,478,484	31.4
8	Miscellaneous manufactured articles	51,096,748	59,076,653	66,917,133	13.3
9	Commodities and transactions not classified elsewhere in the SITC	1,229,436	1,407,847	1,811,300	28.7
	Total all imports commodities	102,069,326	124,795,665	151,620,144	21.5

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-29
Leading exports to China, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
1201.00	Soybeans, whether or not broken	1,012,486	888,741	2,830,335	218.5
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,068,028	3,075,855	2,167,638	-29.5
8542.21	Electronic monolithic digital integrated circuits	¹ 604,754	824,260	1,556,009	88.8
5201.00	Cotton, not carded or combed	42,863	137,986	733,080	431.3
3100.00	Fertilizers	415,480	656,767	457,034	-30.4
8473.30	Parts and accessories for automated data processing machines and units	395,521	300,673	418,071	39.0
7404.00	Copper waste and scrap	241,115	228,518	407,516	78.3
7204.49	Ferrous waste and scrap, n.e.s.o.i.	203,554	216,078	365,318	69.1
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	(²)	276,717	304,037	9.9
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	221,523	309,500	291,403	-5.8
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	239,581	243,876	265,611	8.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	110,677	135,642	263,178	94.0
7602.00	Aluminum waste and scrap	156,144	169,610	234,219	38.1
2902.50	Styrene (vinylbenzene; phenylethylene)	1,063	37,551	200,506	434.0
8471.80	Other units of automated data processing machines	400,969	201,121	192,795	-4.1
8471.49	Other digital automated data processing machines, entered in the form of systems	215,290	208,830	187,957	-10.0
8542.29	Electronic monolithic integrated circuits, other than digital	² 97,237	165,426	182,763	10.5
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard	58,623	78,307	178,948	128.5
8517.90	Parts of telephonic or telegraphic apparatus	203,342	245,789	176,226	-28.3
7204.29	Waste and scrap, of non-stainless alloy steel	119,535	101,372	171,509	69.2
8418.69	Refrigerating or freezing equipment, n.e.s.o.i.	22,985	26,613	166,693	526.4
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	112,531	122,695	166,611	35.8
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	269,058	246,355	154,337	-37.4
7403.11	Refined copper, cathodes and sections of cathodes	11,749	26,783	154,108	475.4
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	100,793	113,220	148,836	31.5
	Total of items shown	7,324,903	9,038,287	12,374,738	36.9
	All other	10,634,139	11,514,704	14,332,200	24.5
	Total of all commodities	17,959,041	20,552,991	26,706,938	29.9

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 854.24, and 8542.19.

² In 2001, exports under current Schedule B 4101.50 were reported under 4101.40 part..

³ In 2001, exports under current Schedule B 8542.29 were reported under 8542.30.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-30
Leading imports from China, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8471.60	Input or output units for automated data processing machines	3,751,601	5,634,222	7,275,003	29.1
8473.30	Parts and accessories for automated data processing machines and units	3,893,901	5,069,230	6,075,213	19.8
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	3,815,217	4,299,542	4,620,638	7.5
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	22,508	632,162	4,158,253	557.8
8525.20	Transmission apparatus incorporating reception apparatus	871,295	1,960,057	2,875,724	46.7
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	1,262,084	2,171,815	2,463,196	13.4
9503.90	Other toys and models, n.e.s.o.i.	2,158,927	2,444,947	2,437,545	-0.3
6402.99	Footwear with outer soles and uppers of rubber or plastics n.e.s.o.i.	2,283,033	2,271,769	2,167,679	-4.6
9504.10	Video games used with television receiver and parts and accessories	398,259	1,571,375	2,108,226	34.2
9403.60	Wooden furniture, other than of a kind used in the bedroom	1,077,253	1,576,196	1,868,817	18.6
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,470,834	1,643,258	1,724,489	4.9
8471.70	Automatic data processing storage units	1,325,921	1,696,379	1,721,964	1.5
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,300,020	1,437,693	1,466,649	2.0
9504.90	Game machines except coin-operated; board games; mah-jong; dominoes; dice	987,071	918,831	1,408,447	53.3
8525.40	Still image video cameras and other video camera recorders	325,590	667,404	1,379,631	106.7
8517.11	Line telephone sets with cordless handsets	1,188,275	1,304,451	1,348,000	3.3
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	768,561	1,127,589	1,331,661	18.1
8504.40	Static converters	1,092,615	1,100,336	1,299,404	18.1
9403.20	Metal furniture, other than of a kind used in offices	770,143	1,016,671	1,278,779	25.8
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	211,142	359,599	1,256,808	249.5
9999.95	Estimated "low valued" shipments	784,200	957,360	1,229,871	28.5
9503.41	Stuffed toys, representing animals or non-human creatures, and parts and accessories	1,170,772	1,169,238	1,192,307	2.0
9403.50	Wooden furniture, except seats, of a kind used in the bedroom	480,019	819,099	1,166,360	42.4
4203.10	Articles of apparel of leather or composition leather	1,258,233	1,081,745	1,061,383	-1.9
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed ..	964,076	1,049,848	1,000,912	-4.7
	Total of items shown	33,631,552	43,980,817	55,916,958	27.1
	All other	68,437,775	80,814,849	95,703,186	18.4
	Total of all commodities	102,069,326	124,795,665	151,620,144	21.5

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-31
U.S. merchandise trade with Taiwan, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	1,242,396	1,198,477	1,282,519	7.0
1	Beverages and tobacco	83,194	71,638	75,513	5.4
2	Crude materials, inedible, except fuels	1,117,429	1,122,059	1,129,097	0.6
3	Mineral fuels, lubricants and related materials	67,902	56,028	91,869	64.0
4	Animal and vegetable oils, fats and waxes	12,761	18,585	18,306	-1.5
5	Chemicals and related products, n.e.s.	2,095,335	2,279,928	2,474,515	8.5
6	Manufactured goods classified chiefly by material	677,986	750,519	882,954	17.6
7	Machinery and transport equipment	9,046,097	8,986,532	8,080,104	-10.1
8	Miscellaneous manufactured articles	1,906,828	1,945,412	1,765,622	-9.2
9	Commodities and transactions not classified elsewhere in the SITC	376,177	357,003	310,087	-13.1
	Total all exports commodities	16,626,104	16,786,180	16,110,588	-4.0
0	Food and live animals	313,516	237,091	235,053	-0.9
1	Beverages and tobacco	7,653	9,598	9,958	3.7
2	Crude materials, inedible, except fuels	138,987	137,875	123,678	-10.3
3	Mineral fuels, lubricants and related materials	81,525	38,336	89,645	133.8
4	Animal and vegetable oils, fats and waxes	4,322	5,004	4,350	-13.1
5	Chemicals and related products, n.e.s.	605,621	618,055	702,087	13.6
6	Manufactured goods classified chiefly by material	4,080,038	4,204,811	4,230,633	0.6
7	Machinery and transport equipment	20,737,330	19,888,596	18,851,290	-5.2
8	Miscellaneous manufactured articles	6,160,905	5,919,235	6,245,621	5.5
9	Commodities and transactions not classified elsewhere in the SITC	1,131,851	995,680	997,351	0.2
	Total all imports commodities	33,261,748	32,054,281	31,489,663	-1.8

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-32
Leading exports to Taiwan, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8542.21	Electronic monolithic digital integrated circuits	¹ 2,166,147	2,181,052	2,258,464	3.5
8542.29	Electronic monolithic integrated circuits, other than digital	² 587,261	1,008,348	859,551	-14.8
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	751,429	213,349	682,378	219.8
1005.90	Corn (maize), other than seed	473,205	473,464	511,763	8.1
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	768,228	628,514	445,455	-29.1
1201.00	Soybeans, whether or not broken	384,832	414,655	419,314	1.1
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	399,164	397,251	358,713	-9.7
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	130,229	273,704	246,042	-10.1
8473.30	Parts and accessories for automated data processing machines and units	295,221	250,673	235,116	-6.2
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	214,416	213,457	198,169	-7.2
9306.90	Bombs, grenades, torpedoes, mines, missiles, etc., and parts	245,768	86,228	168,177	95.0
7003.19	Cast glass and rolled glass, in nonwired sheets, not body tinted, opacified, flashed, nor having an absorbent or reflecting layer	28,218	100,351	154,342	53.8
1001.90	Wheat and meslin, excluding durum wheat	159,162	159,160	136,371	-14.3
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items	196,109	232,974	136,140	-41.6
2902.43	Para-xylene	24,569	36,259	130,369	259.5
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	144,502	166,774	124,550	-25.3
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	220,118	230,185	121,671	-47.1
5201.00	Cotton, not carded or combed	124,784	114,649	117,023	2.1
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	(³)	120,136	116,965	-2.6
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	46,346	76,055	116,201	52.8
9030.90	Parts, accessories of instruments, apparatus for measuring, checking, detecting electrical quantities, or ionizing radiations, n.e.s.o.i.	91,560	98,601	95,074	-3.6
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	30,942	254,712	88,031	-65.4
2926.10	Acrylonitrile	69,229	84,008	87,393	4.0
8517.90	Parts of telephonic or telegraphic apparatus	128,157	63,215	86,420	36.7
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	70,191	98,576	83,869	-14.9
	Total of items shown	4,996,379	7,976,350	7,977,561	0.0
	All other	11,629,725	8,809,830	8,133,027	-7.7
	Total of all commodities	16,626,104	16,786,180	16,110,588	-4.0

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 854.24, and 8542.19.

² In 2001, exports under current Schedule B 8542.29 were reported under 8542.30.

³ In 2001, exports under current Schedule B 4101.50 were reported under 4101.40 part..

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-33
Leading imports from Taiwan, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8473.30	Parts and accessories for automated data processing machines and units	2,864,622	2,252,651	2,279,611	1.2
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	3,068,483	3,407,820	2,165,675	-36.4
8542.21	Electronic monolithic digital integrated circuits	¹ 2,387,618	2,207,780	1,924,768	-12.8
8471.80	Other units of automated data processing machines	978,601	979,701	1,061,791	8.4
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	520,527	607,000	902,971	48.8
8471.60	Input or output units for automated data processing machines	1,005,873	951,432	846,750	-11.0
8542.29	Electronic monolithic integrated circuits, other than digital	² 772,074	658,887	841,171	27.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	689,905	581,106	594,438	2.3
8525.10	Transmission apparatus for radio or television	618,149	429,353	428,239	-0.3
9999.95	Estimated "low valued" shipments	417,371	390,666	384,843	-1.5
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	344,999	348,169	364,471	4.7
8534.00	Printed circuits	540,554	385,676	350,584	-9.1
8517.50	Other apparatus for carrier-current line systems or for digital line systems	484,171	460,906	343,488	-25.5
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers ...	257,846	261,865	306,812	17.2
7318.14	Self-tapping screws of iron or steel	238,587	257,472	304,022	18.1
8526.91	Radio navigational aid apparatus	153,674	206,411	286,628	38.9
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	238,286	227,922	256,816	12.7
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof ..	287,292	261,372	254,856	-2.5
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	208,283	233,979	246,912	5.5
8504.40	Static converters	296,758	260,518	239,441	-8.1
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles	159,776	230,295	232,628	1.0
8465.91	Sawing machines for working wood, cork, bone, hard rubber, hard plastics, etc	223,662	246,198	232,340	-5.6
8528.12	Incomplete or unfinished color reception apparatus for televisions	15,793	38,699	219,628	467.5
9403.20	Metal furniture, other than of a kind used in offices	170,915	193,667	215,145	11.1
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	110,201	114,316	211,148	84.7
	Total of items shown	137,054,021	16,193,860	15,495,175	-4.3
	All other	16,207,727	15,860,421	15,994,489	0.8
	Total of all commodities	33,261,748	32,054,281	31,489,663	-1.8

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 854.24, and 8542.19.

² In 2001, exports under current Schedule B 8542.29 were reported under 8542.30.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-34
U.S. merchandise trade with Korea, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	1,803,177	1,964,138	2,232,449	13.7
1	Beverages and tobacco	163,730	100,679	91,026	-9.6
2	Crude materials, inedible, except fuels	1,877,703	1,772,683	1,972,313	11.3
3	Mineral fuels, lubricants and related materials	190,401	228,036	318,318	39.6
4	Animal and vegetable oils, fats and waxes	30,050	79,114	46,044	-41.8
5	Chemicals and related products, n.e.s.	2,474,439	2,750,203	3,333,499	21.2
6	Manufactured goods classified chiefly by material	1,018,407	898,948	986,691	9.8
7	Machinery and transport equipment	11,112,686	11,012,536	11,177,486	1.5
8	Miscellaneous manufactured articles	1,842,674	1,922,166	1,947,944	1.3
9	Commodities and transactions not classified elsewhere in the SITC	386,300	422,222	418,929	-0.8
	Total all exports commodities	20,899,568	21,150,725	22,524,700	6.5
0	Food and live animals	175,972	186,869	189,010	1.1
1	Beverages and tobacco	31,691	43,709	52,783	20.8
2	Crude materials, inedible, except fuels	198,268	173,916	218,392	25.6
3	Mineral fuels, lubricants and related materials	462,633	272,331	280,880	3.1
4	Animal and vegetable oils, fats and waxes	2,223	1,335	872	-34.7
5	Chemicals and related products, n.e.s.	861,167	867,198	897,719	3.5
6	Manufactured goods classified chiefly by material	3,257,948	3,400,778	3,278,754	-3.6
7	Machinery and transport equipment	24,969,100	25,743,756	27,818,955	8.1
8	Miscellaneous manufactured articles	4,215,541	3,829,153	3,476,707	-9.2
9	Commodities and transactions not classified elsewhere in the SITC	742,643	764,765	715,499	-6.4
	Total all imports commodities	34,917,187	35,283,810	36,929,570	4.7

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-35
Leading exports to Korea, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8542.21	Electronic monolithic digital integrated circuits	¹ 2,216,130	2,405,580	3,297,215	37.1
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,545,256	1,537,565	1,073,863	-30.2
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	327,768	379,865	438,144	15.3
8542.29	Electronic monolithic integrated circuits, other than digital	² 404,650	502,911	430,066	-14.5
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	578,584	395,156	424,542	7.4
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	826,489	416,094	351,540	-15.5
0202.30	Meat of bovine animals, boneless, frozen	167,023	352,907	333,261	-5.6
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	42,846	313,690	312,606	-0.3
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	35,755	211,215	293,905	39.1
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	(³)	310,897	288,304	-7.3
0202.20	Meat of bovine animals, cuts with bone in, other than in half or whole carcasses, frozen	161,214	197,853	284,099	43.6
1201.00	Soybeans, whether or not broken	226,291	247,679	282,550	14.1
2926.10	Acrylonitrile	160,230	207,432	273,117	31.7
7204.49	Ferrous waste and scrap, n.e.s.o.i.	101,624	167,008	250,403	49.9
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	197,896	194,249	215,880	11.1
1001.90	Wheat and meslin, excluding durum wheat	173,003	187,214	207,642	10.9
8473.30	Parts and accessories for automated data processing machines and units	346,243	227,954	184,763	-18.9
8542.90	Parts for electronic integrated circuits and microassemblies	149,251	218,909	174,349	-20.4
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	125,563	144,849	160,751	11.0
2707.30	Xylenes	5,105	72,576	156,751	116.0
0303.80	Fish livers and roes, frozen	92,385	77,553	148,641	91.7
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	37,876	63,334	142,594	125.1
8471.49	Other digital automated data processing machines, entered in the form of systems	224,908	235,430	138,734	-41.1
8411.91	Parts for turbojets or turbopropellers	89,695	140,175	131,945	-5.9
2902.44	Mixed xylene isomers	61,223	83,632	128,140	53.2
	Total of items shown	8,297,008	9,291,729	10,123,801	9.0
	All other	12,602,560	11,858,996	12,400,899	4.6
	Total of all commodities	20,899,568	21,150,725	22,524,700	6.5

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 854.24, and 8542.19.

² In 2001, exports under current Schedule B 8542.29 were reported under 8542.30.

³ In 2001, exports under current Schedule B 4101.50 were reported under 4101.40 part..

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-36
Leading imports from Korea, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8525.20	Transmission apparatus incorporating reception apparatus	4,325,894	4,318,331	5,582,714	29.3
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,050,787	4,830,673	5,418,198	12.2
8542.21	Electronic monolithic digital integrated circuits	¹ 2,997,553	2,938,542	2,782,309	-5.3
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	334,303	1,238,054	1,718,135	38.8
8473.30	Parts and accessories for automated data processing machines and units	1,416,807	1,773,537	1,490,724	-15.9
8471.60	Input or output units for automated data processing machines	1,429,991	1,508,663	998,497	-33.8
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	981,194	774,063	774,769	0.1
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	265,148	232,889	586,755	151.9
8528.12	Incomplete or unfinished color reception apparatus for televisions	141,243	214,718	521,699	143.0
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	556,575	574,372	512,378	-10.8
8542.29	Electronic monolithic integrated circuits, other than digital	² 363,040	396,417	443,380	11.8
8471.70	Automatic data processing storage units	657,713	534,418	370,019	-30.8
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	414,997	439,217	360,137	-18.0
8516.50	Microwave ovens of a kind used for domestic purposes	422,745	451,329	352,650	-21.9
8905.20	Floating or submersible drilling or production platforms	75,438	0	328,780	(³)
8525.40	Still image video cameras and other video camera recorders	261,125	290,021	291,167	0.4
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	192,150	251,921	279,674	11.0
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	305,803	417,058	262,542	-37.0
8415.10	Air conditioning machines, window or wall types, self-contained, with motor-driven fan and elements for changing the temperature/humidity	230,602	257,273	240,055	-6.7
8528.21	Video monitors, color	33,110	65,517	234,180	257.4
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	100,388	124,672	221,071	77.3
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	122,736	184,510	205,108	11.2
4810.19	Writing/graphic paper and paperboard, coated with kaolin, not over 10 fiber obtained by a mechanical process, in sheets, n.e.s.o.i.	(⁴)	106,126	192,362	81.3
9999.95	Estimated "low valued" shipments	168,791	165,746	173,722	4.8
4011.20	New pneumatic tires, of rubber, of a kind used on buses or trucks	115,388	158,162	164,813	4.2
	Total of items shown	20,963,521	22,246,230	24,505,838	10.2
	All other	13,953,665	13,037,581	12,423,732	-4.7
	Total of all commodities	34,917,187	35,283,810	36,929,570	4.7

¹ In 2001, imports under current HTS 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

² In 2001, imports under current HTS 8542.29 were reported under 8542.30.

³ Not applicable.

⁴ In 2001, imports under current HTS 4810.19 were reported under 4810.11 part.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-37
U.S. merchandise trade with Brazil, by SITC numbers (revision 3), 2001-03
(1,000 dollars)

SITC Section No.	Description	2001	2002	2003	Percent Change 2002-03
0	Food and live animals	145,443	228,741	247,536	8.2
1	Beverages and tobacco	3,644	6,630	2,350	-64.6
2	Crude materials, inedible, except fuels	250,468	271,123	323,643	19.4
3	Mineral fuels, lubricants and related materials	339,210	291,249	271,879	-6.7
4	Animal and vegetable oils, fats and waxes	7,863	5,025	3,450	-31.4
5	Chemicals and related products, n.e.s.	2,897,789	2,611,608	2,739,598	4.9
6	Manufactured goods classified chiefly by material	652,310	493,689	477,902	-3.2
7	Machinery and transport equipment	8,901,679	6,104,891	4,969,681	-18.6
8	Miscellaneous manufactured articles	1,114,270	934,724	671,931	-28.1
9	Commodities and transactions not classified elsewhere in the SITC	349,848	259,992	240,027	-7.7
	Total all exports commodities	14,662,524	11,207,674	9,947,996	-11.2
0	Food and live animals	875,629	998,593	1,328,277	33.0
1	Beverages and tobacco	157,207	219,391	279,674	27.5
2	Crude materials, inedible, except fuels	1,032,068	1,038,799	1,188,196	14.4
3	Mineral fuels, lubricants and related materials	1,110,916	1,099,914	1,835,721	66.9
4	Animal and vegetable oils, fats and waxes	17,341	15,803	12,200	-22.8
5	Chemicals and related products, n.e.s.	570,527	591,079	667,499	12.9
6	Manufactured goods classified chiefly by material	2,627,429	3,209,491	3,490,046	8.7
7	Machinery and transport equipment	5,504,810	5,929,705	6,132,625	3.4
8	Miscellaneous manufactured articles	1,700,744	1,732,403	1,754,700	1.3
9	Commodities and transactions not classified elsewhere in the SITC	818,419	774,050	1,027,606	32.8
	Total all imports commodities	14,415,091	15,609,228	17,716,544	13.5

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s." stands for "not elsewhere specified".

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-38
Leading exports to Brazil, by Schedule B numbers, 2001-03

(1,000 dollars)

Schedule B No.	Description	2001	2002	2003	Percent Change 2002-03
8411.12	Turbojets of a thrust exceeding 25 kN	584,752	408,335	442,460	8.4
8473.30	Parts and accessories for automated data processing machines and units	515,180	346,653	383,012	10.5
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	430,462	332,910	365,322	9.7
3100.00	Fertilizers	184,955	173,561	278,341	60.4
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	226,511	241,957	272,488	12.6
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	180,235	158,210	222,654	40.7
9880.00	Estimate of non-Canadian low value export shipments; compiled by low value and not identified by kind of shipments to Canada	243,542	187,527	167,697	-10.6
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	179,017	165,334	149,128	-9.8
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	171,783	197,477	142,321	-27.9
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	92,303	130,307	139,809	7.3
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	245,441	130,361	122,627	-5.9
8411.91	Parts for turbojets or turbopropellers	305,082	153,835	115,293	-25.1
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	668,982	465,693	90,040	-80.7
8409.99	Parts for use with compression-ignition internal combustion piston engines	51,196	101,791	89,171	-12.4
8411.11	Turbojets of a thrust not exceeding 25 kilonewtons	40,221	41,767	85,156	103.9
1006.10	Rice in the husk, paddy or rough	0	6,437	79,040	1127.9
3808.30	Herbicides, antispouting products, and plant-growth regulators, put up in forms or packings for retail sale or as preparations or articles	100,644	96,297	76,925	-20.1
8542.21	Electronic monolithic digital integrated circuits	¹ 201,761	83,758	75,343	-10.0
5201.00	Cotton, not carded or combed	3,534	25,750	73,581	185.8
3808.10	Insecticides, put up in forms or packings for retail sale or as preparations or articles	64,587	75,638	68,171	-9.9
1001.90	Wheat and meslin, excluding durum wheat	9,928	95,763	63,254	-33.9
9022.90	Radiation generators or beam delivery units, and other radiation apparatus n.e.s.o.i., and parts and accessories thereof	44,631	28,174	63,191	124.3
8431.49	Parts and attachments for derricks, cranes, self-propelled bulldozers, graders, and other grading, scraping machinery, n.e.s.o.i.	158,213	72,037	62,565	-13.1
2713.12	Petroleum coke, calcined	40,765	57,324	61,581	7.4
2902.50	Styrene (vinylbenzene; phenylethylene)	11,416	47,339	56,134	18.6
	Total of items shown	4,755,141	3,824,233	3,745,306	-2.1
	All other	9,907,383	7,383,440	6,202,691	-16.0
	Total of all commodities	14,662,524	11,207,674	9,947,996	-11.2

¹ In 2001, exports under current Schedule B 8542.21 were reported under 8542.13, 8542.14, and 8542.19.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-39
Leading imports from Brazil, by HTS numbers, 2001-03

(1,000 dollars)

HTS No.	Description	2001	2002	2003	Percent Change 2002-03
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,908,043	1,828,490	1,817,469	-0.6
8525.20	Transmission apparatus incorporating reception apparatus	840,174	1,013,223	938,298	-7.4
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	528,388	562,601	828,493	47.3
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	(¹)	308,015	796,640	158.6
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	834,438	790,018	767,487	-2.9
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	82,331	231,093	500,101	116.4
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	520,899	508,737	498,355	-2.0
4703.29	Chemical woodpulp, soda, or sulfate, other than dissolving grades, semibleached or bleached, nonconiferous	381,935	345,859	436,435	26.2
7201.10	Nonalloy pig iron containing 0.5 percent or less phosphorus by weight, in primary forms	362,651	386,533	417,666	8.1
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	(²)	343,416	369,330	7.5
8414.30	Compressors of a kind used in refrigerating equipment, including air conditioning	209,773	283,274	272,061	-4.0
8408.20	Compression-ignition internal-combustion piston engines	5,942	178,869	268,316	50.0
0901.11	Coffee, not roasted, not decaffeinated	153,655	193,395	255,202	32.0
2401.20	Tobacco, partly or wholly stemmed/stripped	148,361	202,013	253,155	25.3
7207.12	Semifinished iron/nonalloy steel products, under 0.25 percent carbon, rectangular/not square, width not less than twice thickness	250,364	394,039	235,736	-40.2
8409.99	Parts for use with compression-ignition internal combustion piston engines	133,054	172,552	173,880	0.8
6802.93	Worked monumental or building stone n.e.s.o.i., of granite	77,209	114,434	159,029	39.0
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	120,157	134,676	152,045	12.9
1602.50	Other prepared or preserved meat, meat offal, or blood, of bovine animals, n.e.s.o.i.	92,837	121,989	148,108	21.4
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	221,402	161,476	147,752	-8.5
4409.10	Wood, including strips and friezes, continuously shaped along any of its edges or faces, coniferous	105,636	140,284	145,345	3.6
2009.11	Orange juice, frozen, whether or not sweetened	74,502	62,181	136,170	119.0
4412.19	Plywood consisting solely of wood sheets, with both outer plies of coniferous wood, each ply not over 6 millimeters in thickness	21,674	44,687	125,156	180.1
6302.60	Toilet and kitchen linen, of terry toweling or similar terry fabrics, of cotton	75,753	112,235	123,739	10.2
8708.39	Brakes and servo-brakes and parts for motor	70,164	84,792	120,361	41.9
	Total of items shown	7,219,345	8,718,881	10,086,329	15.7
	All other	7,195,745	6,890,347	7,630,215	10.7
	Total of all commodities	14,415,091	15,609,228	17,716,544	13.5

¹ In 2001, imports under current HTS 2710.19 were reported under 2710.00 part.

² In 2001, imports under current HTS 2710.11 were reported under 2710.00 part.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

Source: Compiled from official statistics of the U.S. Department of Commerce.