

United States International Trade Commission

THE YEAR IN TRADE 2007

Operation of the Trade
Agreements Program

59TH REPORT

USITC Publication 4026
July 2008



U.S. International Trade Commission

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PREFACE

This report is the 59th in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c)) and its predecessor legislation. Section 163(c) of the Trade Act of 1974 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.”

This report is one of the principal means by which the U.S. International Trade Commission provides Congress with factual information on trade policy and its administration for calendar year 2007. 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.

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List of Frequently Used Abbreviations and Acronyms

ACP	Former European Colonies in Africa, Caribbean, and the Pacific
AD	Antidumping
AFT	Aid for Trade
AGOA	African Growth and Opportunity Act
AIT	American Institute in Taiwan
APEC	Asia-Pacific Economic Cooperation
APHIS	Animal and Plant Health Inspection Service (USDA)
AQSIQ	General Administration of Quality Supervision, Inspection, and Quarantine (China)
ASU	Aircraft Sector Understanding
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
BECC	Border Environment Cooperation Commission (NAFTA)
BSE	Bovine Spongiform Encephalopathy
CAFTA-DR	Dominican Republic-Central America-United States Free Trade Agreement
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade Partnership Act
CD	Compact Disc
CEC	Commission for Environmental Cooperation (NAFTA)
CFTA	United States-Canada Free Trade Agreement
CITA	Committee for the Implementation of Textile Agreements (USDOC)
CLC	Commission for Labor Cooperation (NAFTA)
CNL	Competitive Need Limitation
CSQ	Country Specific Quota
CTD	Committee on Trade and Development (WTO)
CTDSS	Committee on Trade and Development in Special Session
CTI	Committee on Trade and Investment (APEC)
CVD	Countervailing Duty
DDA	Doha Development Agenda
DSB	WTO Dispute Settlement Body
DSU	WTO Dispute Settlement Understanding
DVD	Digital Video Disc
ECA	Export Credit Arrangement (OECD)
EDA	Economic Development Administration (USDOC)
EIF	Enhanced Integrated Framework (WT)
EPA	United States Environmental Protection Agency
EU	European Union
FAS	Foreign Agricultural Service (USDA)
FBI	Federal Bureau of Investigation
FMCSA	Federal Motor Carrier Safety Administration (USDOT)
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
FTC	Free Trade Commission (NAFTA)
FY	Fiscal Year

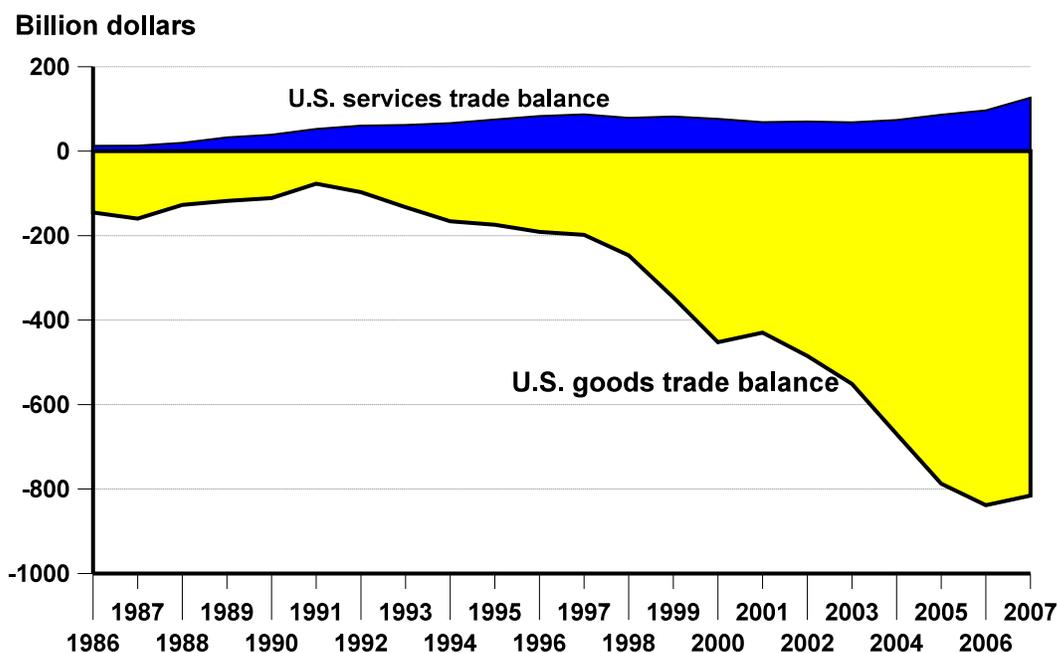
G-4	G-4 Bloc (Brazil, China, India, South Africa)
G-20	G-20 Bloc of Developing Countries
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GOI	Government of India
GSP	Generalized System of Preferences
HHOPE	Haitian Hemispheric Opportunity through Partnership Encouragement Act
HS	Harmonized System
HTS	Harmonized Tariff Schedule (United States)
IF	Integrated Framework
IMF	International Monetary Fund
IPR	Intellectual Property Rights
ITA	International Trade Administration (USDOC)
JCCT	U.S.-China Joint Commission on Commerce and Trade
LCIA	London Court of International Arbitration
LDB	Least-Developed Beneficiary
LDBDC	Least-Developed Beneficiary Developing Country
LTFV	Less Than Fair Value
MEA	Multilateral Environmental Agreement
MOU	Memorandum of Understanding
MPS	Ministry of Public Security (China)
MRA	Mutual Recognition Agreement
NAAEC	North American Agreement on Environmental Cooperation (NAFTA)
NAALC	North American Agreement on Labor Cooperation (NAFTA)
NADB	North American Development Bank
NAFTA	North American Free Trade Agreement
NAMA	Nonagricultural Market Access
NAO	National Administrative Office (NAFTA)
NTR	Normal Trade Relations
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
OIE	World Organization for Animal Health
OIG	Office of the Inspector General (USDOT)
OST	Office of the Secretary of Transportation (USDOT)
OTAI	Office of Trade Agreement Implementation (NAFTA)
PRC	People's Republic of China
PSAG	Private Sector Advisory Group
S&D	Special and Differential
SAARC	South Asian Association for Regional Cooperation
SCM	Subsidies and Countervailing Measures
SED	U.S.-China Strategic Economic Dialogue
SITC	Standard Industrial Trade Classification
SLA	Softwood Lumber Agreement
SMEs	Square Meter Equivalents
SPS	Sanitary and Phytosanitary Standards
SSA	Sub-Saharan Africa
SVE	Small and Vulnerable Economy
TAA	Trade Adjustment Assistance
TAAC	Trade Adjustment Assistance Center

TACA	Trade Advisory Committee on Africa
TEC	Transatlantic Economic Council
TIFA	Trade and Investment Framework Agreement
TNC	Trade Negotiations Committee
TPA	Trade Promotion Agreement
TPF	Trade Policy Forum
TPL	Tariff Preference Level
TRIMS	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff-Rate Quota
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USDA	United States Department of Agriculture
USDOC	United States Department of Commerce
USDOL	United States Department of Labor
USDOS	United States Department of State
USITC	United States International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

EXECUTIVE SUMMARY

The U.S. economy continued to expand for the sixth consecutive year in 2007, although at a slower pace than in previous years. U.S. exports of goods and services (\$1,046 billion) increased more rapidly than U.S. imports (\$1,943 billion) for the second year in a row (13 percent for exports versus 5 percent for imports), leading to a decrease in the trade deficit in goods and services in 2007 (figure ES.1). Increases in U.S. exports of machinery and transport equipment, chemicals and related products, food and live animals, and crude materials (except fuels) represented almost three-quarters of the total increase in exports in 2007, while increases in U.S. imports of machinery and transport equipment and mineral fuels, lubricants, and related materials represented over one-half of the increase in imports for the same year. The U.S. surplus in services trade increased by 34.1 percent to \$106.9 billion in 2007. More than one-half of the increase in exports was accounted for by private

Figure ES.1 U.S. trade balance in goods and services, 1986–2007



services that included business, professional, and technical services; insurance services; and financial services. The U.S. dollar depreciated 6 percent in 2007 on a trade-weighted yearly average basis against a basket of currencies including the Canadian dollar, the euro, the Chinese yuan, and the Japanese yen. The largest depreciation was against the United States' largest trading partner, Canada. Despite the fluctuations during the year, the U.S. dollar ended the year at approximately where it began the year against the Mexican peso and the British pound.

A summary of key U.S. trade agreement activities in 2007 is presented below, followed by a summary of key activities and developments on a monthly basis for the year. Trade agreement activities during 2007 included the administration of U.S. trade laws and

regulations; U.S. participation in the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia-Pacific Economic Cooperation (APEC) forum; U.S. negotiation of and participation in free trade agreements (FTAs); and bilateral developments with major trading partners.

Key Trade Developments in 2007

Administration of U.S. Trade Laws and Regulations

- ***Section 301:*** One active case under section 301 concerned the European Union (EU) meat hormone directive, which the WTO had found violates the Agreement on the Application of Sanitary and Phytosanitary Measures.
- ***Special 301:*** The USTR's 2007 special 301 report highlighted weak intellectual property rights (IPR) protection and enforcement in China and Russia, both of which were placed on the priority watch list. Belize and Brazil were moved from the priority watch list to the watch list due to improved IPR enforcement. The Bahamas and Latvia were removed from the watch list due to their improved IPR enforcement, and Bulgaria and Croatia were removed from the watch list due to their passage of IPR legislation and improved enforcement. The EU was removed from the watch list principally because it adopted new regulations concerning geographical indications following an adverse WTO ruling.
- ***Section 337 investigations:*** During 2007, there were 77 active section 337 investigations and ancillary proceedings at the U.S. International Trade Commission (Commission), 39 of which were instituted in 2007. Of these 39, there were 35 new section 337 investigations and four new ancillary proceedings relating to previously concluded investigations. All of the new section 337 institutions in 2007 included allegations of patent infringement. At the close of 2007, 40 section 337 investigations and related proceedings were pending.
- ***Antidumping investigations:*** The Commission instituted 33 new antidumping investigations and completed 8 during 2007. Antidumping duty orders were issued by the U.S. Department of Commerce (Commerce) in 2007 on certain activated carbon from China and polyester staple fiber from China.
- ***Countervailing duty investigations:*** The Commission instituted 7 new countervailing duty investigations and completed three investigations during 2007. However, because the Commission made negative determinations in each of the three investigations (on coated free sheet paper from China, Indonesia, and Korea), no new countervailing duty orders were issued during 2007.
- ***Sunset reviews:*** During 2007, Commerce and the Commission instituted 33 sunset reviews of existing antidumping and countervailing duty orders, and the Commission completed 74 reviews, resulting in 38 antidumping and countervailing duty orders being continued for five additional years.

- **Trade adjustment assistance:** In 2007, the U.S. Department of Labor certified petitions covering approximately 146,592 workers. A total of 1,427 petitions were certified as eligible for benefits and services, and 625 petitions were denied.

Preferential Trade Programs

- **Generalized System of Preferences (GSP):** Duty-free imports entering under the U.S. GSP program totaled \$30.8 billion in 2007. Angola was the leading GSP beneficiary in 2007, followed by India, Thailand, Brazil, and Indonesia. During 2007, East Timor was designated a GSP beneficiary and a least-developed GSP beneficiary. Bulgaria and Romania were removed from GSP status as a result of their accession to the EU, and the Dominican Republic was removed from the GSP program as a result of its accession to the United States-Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Authorization for the GSP program is currently set to expire on December 31, 2008.
- **African Growth and Opportunity Act (AGOA):** A total of 39 sub-Saharan African (SSA) countries were designated for benefits under AGOA as of January 1, 2007, and 26 SSA countries were eligible for AGOA textile and apparel benefits. Duty-free U.S. imports under AGOA, including GSP, were valued at \$51.1 billion in 2007. U.S. imports under AGOA, exclusive of GSP, were valued at \$42.3 billion in 2007, a 17.0 percent increase from 2006. The increase in AGOA imports was driven mainly by increases in U.S. imports of petroleum-related products, which made up more than 95 percent of imports, by value, under AGOA. This increase was almost exclusively due to increases in prices rather than volume.
- **Andean Trade Preference Act (ATPA):** ATPA, as amended by the Andean Trade Promotion and Drug Eradication Act (ATPDEA), provides duty-free treatment for certain products of Bolivia, Colombia, Ecuador, and Peru. U.S. imports under ATPA were valued at \$12.3 billion in 2007, a decrease of 8.7 percent from \$13.5 billion in 2006. Imports under ATPA from each of the four beneficiary countries decreased in 2007. Imports from Ecuador decreased by 13.4 percent in value during 2007 mainly because of lower petroleum production. Petroleum-related products accounted for 67 percent of U.S. imports under ATPA in 2007. Other leading imports under ATPA in 2007 included apparel, copper cathodes, fresh cut flowers, and asparagus.
- **Caribbean Basin Economic Recovery Act (CBERA):** CBERA, as expanded by the Caribbean Basin Trade Partnership Act (CBTPA), provides duty-free and reduced-duty treatment for certain products of designated Caribbean Basin countries. In 2007, articles from 19 countries and territories were eligible for CBERA preferences. U.S. imports under CBERA were valued at \$5.5 billion in 2007, a 44.6 percent decline from \$9.9 billion in 2006. The decline in U.S. imports under CBERA was due to the fact that imports from El Salvador, Guatemala, Honduras, and Nicaragua entered under CAFTA-DR during 2007 rather than under CBERA. The Dominican Republic was a CBERA beneficiary for only part of 2007 before CAFTA-DR entered into force for that country. Trinidad and Tobago was the leading supplier of U.S. imports under CBERA in 2007. Mineral fuels, methanol, and apparel products ranked as the leading U.S. imports under CBERA in 2007.

Textiles and Apparel

- **Trade:** U.S. imports of textiles and apparel in 2007 totaled 53.1 billion square meter equivalents (SMEs) (\$96.4 billion), an increase of 1.8 percent by volume and 3.4 percent by value over 2006. Similar to previous years, 2007 was characterized by a shift in U.S. textile and apparel imports from Central American and South American countries toward lower-priced Asian suppliers—primarily China, but also Indonesia, Bangladesh, Vietnam, and Cambodia.
- **China:** U.S. imports of textiles and apparel from China increased by \$5.3 billion to \$32.3 billion. This increase is mainly attributable to a \$4.2 billion increase in U.S. imports of apparel articles. Of the total U.S. textile and apparel imports from China in 2007, \$22.7 billion were apparel and \$9.6 billion were textiles. Leading U.S. apparel imports from China in 2007 included knit sweaters, pullovers, and vests; knit babies' garments and accessories; and women's or girls' trousers and shorts. Leading imports of textiles from China included certain made-up textiles articles, bedding articles, and certain curtains. China's share of the U.S. import market expanded to 40.2 percent by volume in 2007, compared with 35.7 percent in 2006. In 2007, 34 categories of textiles and apparel products were subject to 21 quotas under the 2005 memorandum of understanding between the United States and China, which established quotas on U.S. imports of selected textile and apparel products from China from January 1, 2006 through December 31, 2008. During 2007, quotas filled at an average rate of 61.9 percent.
- **AGOA, ATPA, and CBERA:** In 2007, imports of textiles and apparel eligible for duty-free entry into the United States totaled \$1.3 billion (327 million SMEs) under AGOA, \$1.2 billion (177 million SMEs) under ATPA/ATPDEA, and \$927 million (481 million SMEs) under CBERA/CBTPA. For the first time since 2004, the volume of U.S. imports under AGOA increased slightly (2.8 percent). The volume of U.S. imports of textiles and apparel declined in 2007 under both ATPDEA (by 14.0 percent) and the CBTPA (by 65.8 percent).
- **Haitian Hemispheric Opportunity through Trade Partnership Encouragement (HHOPE) Act:** Haiti began shipping apparel to the United States under the HHOPE Act in the second half of 2007. U.S. imports of textiles and apparel eligible for duty-free entry under the HHOPE Act in 2007 totaled \$13.6 million (4.0 million SMEs), or 3 percent of total U.S. textile and apparel imports from Haiti (the remaining imports entering under CBTPA). The CBTPA program, under which U.S. imports from Haiti have grown steadily in recent years, has contributed to a viable apparel manufacturing sector in Haiti and created a base from which the industry can benefit from enhanced preferences afforded by the HHOPE Act.

WTO, OECD, and APEC

- **WTO developments:** The Doha Development Agenda multilateral trade negotiations resumed on February 7, 2007, only to be suspended four months later in June. The G-4 countries—Brazil, the EU, India, and the United States—met during June 19–21, 2007, in an effort to reach some convergence in negotiating positions regarding market access for agricultural products, domestic support for

agricultural producers, and market access for nonagricultural products. Issues raised at the WTO General Council included preferential trade arrangements, small and vulnerable economies, the harmonization of nonpreferential rules of origin, and the Aid for Trade initiative. The General Council also held its annual review of China's Protocol of Accession to the WTO and its biennial review of the U.S. Jones Act legislation.

- **WTO dispute settlement:** During 2007, WTO members filed 13 new requests for WTO dispute settlement consultations. This compares with 22 in 2006, 12 in 2005, and 19 in 2004. Thirteen new dispute settlement panels were established in 2007. One of these panels (DS358—reductions or exemptions from taxes) was later terminated when the United States and China reached a mutually agreed settlement in December 2007, and another (DS359— reductions or exemptions from taxes) was terminated when Mexico and China reached a mutually agreed settlement in February 2008. Four cases involved the United States as complainant (DS358, DS360/India—additional and extra duties on imports, DS362/China—IPR enforcement, and DS363/China— trading rights and distribution services for audiovisual entertainment products). Other complainants that brought one or more dispute settlement cases in 2007 included Argentina (3), Brazil (1), the EU (3), Mexico (1), and Panama (1). Two dispute settlement panels involved the United States as respondent (DS350/EU—“zeroing” methodology, and DS365/Brazil—domestic support and export credit for agricultural products). Other respondents cited in one or more dispute settlement cases in 2007 included Brazil (1), Chile (2), China (4), Colombia (1), India (2), and Mexico (1). The trade issues implicated in these cases included measures affecting antidumping, countervailing duty, and safeguard matters; intellectual property rights; tax matters; and measures affecting border and internal trade issues.
- **OECD developments:** The OECD Trade Committee held several global policy forums during 2007 addressing subjects such as trade and labor market adjustment and the international sourcing of information technology services. The committee completed its comprehensive reviews of the economies of China and India and continued discussions on trade issues regarding other major nonmember economies.
- **APEC developments:** During the September 2007 annual meeting, APEC ministers agreed upon an Action Plan to stimulate energy efficiency and environmental protection in their region. Also in 2007, APEC's Committee on Trade and Investment agreed on measures with respect to regional and free trade agreements, electronic commerce, rules of origin and origin procedures, and sanitary and phytosanitary measures; formulated a plan aimed at reducing intra-regional transaction costs associated with trade; developed guidelines to enhance IPR capacity building in the region; and agreed on common procedures for acquiring new patents in member countries.

FTAs in Force During 2007

- **U.S. FTAs in force in 2007:** The United States was a party to nine FTAs as of December 31, 2007: CAFTA-DR (2006–07), the U.S.-Bahrain FTA (2006), the

U.S.-Morocco FTA (2006), the U.S.-Australia FTA (2005), the U.S.-Chile FTA (2004), the U.S.-Singapore FTA (2004), the U.S.-Jordan FTA (2001), the North American Free Trade Agreement (NAFTA) (1994); and the U.S.-Israel FTA (1985).

- ***FTA legislative developments:*** The U.S. Congress and the Administration agreed on a bipartisan trade deal on May 10, 2007, calling for the inclusion of core labor and environmental standards, among other things, in the text of pending and future trade agreements. The President's statutory authority to negotiate trade agreements that Congress can approve or disapprove but cannot amend lapsed on July 1, 2007, without being renewed.
- ***Other FTA developments:*** The United States concluded FTA negotiations with Panama on December 19, 2006, and the two parties signed the U.S.-Panama Trade Promotion Agreement (TPA) on June 28, 2007. The United States concluded FTA negotiations with Korea on April 1, 2007, and the two parties signed a bilateral FTA agreement on June 30, 2007. The United States signed bilateral agreements with Colombia, Oman, and Peru in 2006. The United States and Peru concluded negotiations for an amended U.S.-Peru TPA on June 25, 2007, that was ratified by Congress in December 2007, and President Bush signed the implementing legislation on December 14, 2007. The United States and Colombia concluded negotiations for an amended U.S.-Colombia TPA on June 28, 2007. However, none of those bilateral agreements entered into force during 2007.
- ***U.S. merchandise trade flows with FTA partners:*** Total U.S. exports of goods to FTA partners in 2007 were valued at \$406 billion and accounted for 38.8 percent of total U.S. exports, while total U.S. imports of goods from FTA partners were valued at approximately \$593 billion and accounted for 32.2 percent of total U.S. imports. The United States had an overall merchandise trade deficit with FTA partners in 2007 of \$188 billion, including a record high \$190 billion deficit with NAFTA partners. Australia, Singapore, and Morocco were the only FTA partners with whom the United States recorded a merchandise trade surplus during 2007.
- ***NAFTA developments:*** Although NAFTA was launched on January 1, 1994, the last of its trade provisions were only fully implemented on January 1, 2008. In 2007, U.S. two-way merchandise trade (exports plus imports) with NAFTA partners totaled \$855 billion, a 5.2 percent increase over 2006.
- ***NAFTA dispute settlement:*** Chapter 11 of NAFTA includes provisions designed to protect cross-border investors and facilitate the settlement of investment disputes. In 2007, there were five active chapter 11 cases against the United States by Canadian investors. There were also six active chapter 11 cases by U.S. investors against Canada and four active chapter 11 cases by U.S. investors against Mexico. Chapter 19 of NAFTA contains a mechanism that provides for review by a binational panel of final determinations made by national investigating authorities in antidumping and countervailing duty cases. At the end of 2007, the NAFTA Secretariat listed 12 active binational panels under chapter 19. The two binational panels formed in 2007 under chapter 19 challenged U.S. agencies' determinations on products from Mexico.

Trade Activities with Major Trading Partners

European Union

- The EU¹ is the second-largest two-way (exports plus imports) U.S. trading partner behind the combined NAFTA market of Canada and Mexico. In 2007, U.S. two-way merchandise trade with the EU totaled \$578.5 billion, representing nearly one-fifth of U.S. trade with the world. U.S. exports of goods to the EU were valued at \$226.3 billion in 2007, and U.S. imports of goods from the EU were valued at \$352.2 billion, resulting in a U.S. merchandise trade deficit with the EU of \$125.9 billion in 2007. Leading U.S. exports to the EU during the year included aircraft and aircraft parts, medicaments, passenger cars, blood fractions, and gold. Leading U.S. imports from the EU included certain medicaments, passenger cars, petroleum derivatives, and nucleic acids and their salts.
- There were several active WTO dispute settlement proceedings during 2007 in which both the United States and the EU were parties, either as the complainant or the respondent. Four of these cases involved alleged subsidies to their respective civil aircraft industries. The United States and EU also created the Transatlantic Economic Council to guide efforts to lower U.S. and EU barriers to trade and investment.

Canada

- Canada was the second-largest export market for U.S. goods in 2007 following the EU and the largest single-country trading partner of the United States, with two-way merchandise trade valued at \$525.6 billion. U.S. merchandise exports to Canada were valued at \$213.1 billion in 2007, and U.S. merchandise imports from Canada were valued at \$312.5 billion, resulting in a \$99.4 billion U.S. merchandise trade deficit with Canada in 2007. Leading U.S. exports to Canada during the year included passenger and transport motor vehicles, parts and accessories for motor vehicles, and energy products such as natural gas and crude oils. Leading U.S. imports from Canada in 2007 included natural gas and crude oils and passenger motor vehicles.
- The United States and Canada conducted bilateral discussions on a number of agricultural issues during 2007, notably the resumption of livestock trade following concerns about bovine spongiform encephalopathy (BSE) and the liberalization of Canadian restrictions on imports of bulk shipments of potatoes. The United States also requested consultations with Canada under the U.S.-Canada Softwood Lumber Agreement signed in September 2006 to resolve concerns regarding Canada's implementation of several provisions. The two countries also implemented a bilateral air service agreement that removes remaining restrictions on civil aviation services between the two countries.

¹ The 27 members of the EU in 2007 were Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Sweden, and the United Kingdom.

China

- China was the second-largest single-country trading partner of the United States, with two-way merchandise trade valued at \$383.8 billion in 2007. U.S. merchandise exports to China were valued at \$61.0 billion, and U.S. merchandise imports from China were valued at \$323.1 billion, resulting in a \$262.1 billion U.S. merchandise trade deficit with China in 2007, accounting for 29.2 percent of the U.S. global merchandise trade deficit in that year. Leading U.S. exports to China included airplanes, soybeans, electronic integrated circuits, and copper and aluminum waste and scrap. Leading U.S. imports from China included computers and their parts, wireless telephones, miscellaneous wheeled toys, video games, and footwear.
- U.S.-China bilateral trade relations in 2007 focused on IPR enforcement, product safety, and market access for goods and services in China, as well as the two countries' global trade imbalances.

Mexico

- Mexico was the third-largest single-country trading partner of the United States, with two-way merchandise trade valued at \$329.6 billion in 2007. U.S. merchandise exports to Mexico were valued at \$119.4 billion, and U.S. merchandise imports from Mexico were valued at \$210.2 billion, resulting in a \$90.8 billion U.S. merchandise trade deficit with Mexico. Leading U.S. exports to Mexico included machinery and transportation equipment. Leading U.S. imports from Mexico included crude oils and motor vehicles.
- On September 6, 2007, the U.S. Department of Transportation initiated the Cross-Border Trucking Demonstration Project, which permits up to 100 Mexico-domiciled motor carriers to operate throughout the United States for one year.

Japan

- U.S. two-way merchandise trade with Japan totaled \$203.0 billion in 2007. U.S. merchandise exports to Japan were valued at \$58.1 billion, and U.S. merchandise imports from Japan totaled \$144.9 billion, resulting in an \$86.8 billion U.S. merchandise trade deficit with Japan in 2007. Leading U.S. exports to Japan included airplanes and other aircraft, corn, parts of airplanes or helicopters, machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits, and soybeans. Leading U.S. imports from Japan included passenger motor vehicles; parts and accessories of printing machinery; television cameras, digital cameras and video camera recorders; and gear boxes and parts for motor vehicles.
- The U.S.-Japan Economic Partnership for Growth continues to serve as the primary forum for trade and economic dialogue between the two countries. In 2007, discussions under this framework focused on U.S. beef exports to Japan and deregulation of Japan's economy, including economy-wide and sector-specific

reforms such as certification of communications equipment and air transport restrictions.

Korea

- U.S. two-way merchandise trade with Korea totaled \$78.4 billion in 2007. U.S. merchandise exports to Korea were valued at \$33.0 billion, and U.S. merchandise imports from Korea totaled \$45.4 billion, resulting in a \$12.3 billion U.S. merchandise trade deficit with Korea. Leading U.S. exports to Korea included computer chips, aircraft, and machines and mechanical appliances having individual functions (mostly semiconductor production machinery). Leading U.S. imports from Korea included automobiles, cellular telephones, computer chips, and computer parts and accessories (mainly memory modules).
- U.S.-Korea trade relations in 2007 were dominated by FTA negotiations and negotiations over U.S. beef exports to Korea, which had been suspended because of Korean concerns with BSE.

Taiwan

- U.S. two-way merchandise trade with Taiwan totaled \$62.5 billion in 2007. U.S. merchandise exports to Taiwan were valued at \$24.5 billion, and U.S. merchandise imports from Taiwan totaled \$38.1 billion, resulting in a \$14.5 billion U.S. merchandise trade deficit with Taiwan in 2007. Leading U.S. exports to Taiwan in 2007 included digital integrated circuits, semiconductor and flat panel manufacturing and assembly equipment, aircraft, corn, and soybeans. Leading U.S. imports from Taiwan included digital integrated circuits, transmission apparatus for radiotelephony, reception apparatus for television, computer parts, and navigational and remote control radar machines.
- During the sixth session of the Trade and Investment Framework Agreement in July 2007, U.S.-Taiwan negotiations focused on IPR enforcement in Taiwan, U.S. access to Taiwan's beef market, and Taiwan's rice procurement practices.

India

- U.S. two-way merchandise trade with India totaled \$40.2 billion in 2007. U.S. merchandise exports to India were valued at \$16.3 billion, and U.S. merchandise imports from India totaled \$23.9 billion, resulting in a \$7.6 billion merchandise trade deficit with India in 2007. Leading U.S. exports to India during the year included aircraft, fertilizers, nonindustrial diamonds, and nonmonetary gold. Leading U.S. imports from India included nonindustrial diamonds; articles of jewelry and parts of precious metals (excluding silver); and women's or girls' cotton blouses, shirts, and blouses (not knitted or crocheted).

- During 2007, India resumed shipments of mangoes to the U.S. market, ending an 18-year bilateral trade dispute, under the condition that the mangoes undergo irradiation in India to eliminate pests.

Table ES.1 provides a summary of key activities and developments on a monthly basis for the year 2007.

TABLE ES.1 Summary of 2007 trade agreement activities

January

1-Bulgaria and Romania become EU members and are no longer designated as beneficiary developing countries under the U.S. GSP program.

8-Canada requests WTO consultations with the United States regarding U.S. domestic support measures for corn and other agricultural products.

8-Chile's status is elevated to "priority watch list" from "watch list" as the result of an "out-of-cycle" Special 301 review of intellectual property protections.

10-The State Department certifies Madagascar and recertifies Nigeria as eligible to export wild shrimp to the United States.

16-The EU lifts its restrictions requiring imported U.S. corn gluten feed and brewers' grain to be certified as free of the genetically modified organism Bt10.

16-The United States appeals a WTO dispute panel ruling that found that the United States failed to comply with an earlier panel ruling faulting U.S. sunset review procedures in antidumping cases.

25-The United States and Uruguay sign a Trade and Investment Framework Agreement (TIFA).

26-The United States and Mexico sign a customs cooperation agreement to implement the apparel cumulation provisions of CAFTA-DR.

30-A WTO panel upholds Ecuador's claim that the U.S. Department of Commerce violated WTO antidumping rules by using "zeroing" in its original investigation on imports of shrimp from Ecuador.

February

2-The United States requests dispute settlement consultations with China over prohibited subsidies.

2-Canada announces that it will no longer require testing for bluetongue in cattle, sheep, and goats imported from the United States.

16-The United States and Liberia sign a TIFA.

February—Continued

16-The United States signs an agreement with Japan to facilitate trade in telecommunications equipment.

16-Japan suspends imports of beef from a Lexington, Nebraska, plant for potential violation of joint import rules.

23-A U.S. district court rules that an Illinois law prohibiting certain investments in companies doing business in or with Sudan is unconstitutional.

March

1-CAFTA-DR enters into force for the Dominican Republic.

2-Japan suspends imports of sausages from a California meat packer based on the suspicion that the products contained banned U.S. processed beef.

6-The United States requests WTO dispute settlement consultations with India over customs duties India imposes on imports of wine and distilled spirits.

19-The United States and Vietnam begin negotiations on a TIFA.

20-President Bush signs a proclamation implementing legislation that provides trade benefits for Haiti under the HHOPE Act.

30-The U.S. Department of Commerce announces its preliminary decision to apply U.S. countervailing duty law to imports from China. This is the first time countervailing duties will be imposed on imports from a nonmarket economy.

30-The United States requests formal consultations with Canada under a dispute resolution mechanism in the 2006 U.S.–Canada Softwood Lumber Agreement to discuss Canadian compliance with several provisions of the pact.

April

1-The United States and Korea complete negotiations for a free trade agreement (FTA).

April—Continued

10-The United States requests dispute settlement consultations with China regarding deficiencies in China's intellectual property rights (IPR) laws and market access barriers to copyright-based industries.

12-The WTO Appellate Body circulates its report upholding a U.S. statute concerning the U.S. antidumping "sunset" review of oil country tubular goods from Argentina.

17-The EU announces an expansion of the number of products from the United States that will be subject to retaliatory import duties as a result of increased payments to U.S. firms under the Byrd amendment, which has been ruled inconsistent with WTO rules.

30-Thailand and Chile are added to the USTR's Special 301 priority watch list of countries that do not adequately protect IPR; Brazil is removed.

30-The United States and the EU agree on a framework to promote greater regulatory cooperation to facilitate transatlantic trade.

May

1-First shipment of mangoes from India in 18 years enters the United States under a 2006 U.S.-India agreement to irradiate mangoes prior to entry into the U.S. market.

10-The USTR and Congress announce a bipartisan agreement to add core labor and environmental standards, among other things, to pending U.S. FTAs.

10-The EU requests the establishment of a WTO dispute settlement panel to challenge 40 U.S. antidumping measures that the EU says are based on the "zeroing" methodology used in U.S. antidumping investigations.

23-Customs officials from the United States and China sign an agreement strengthening the enforcement of intellectual property laws.

25-The United States requests the establishment of a WTO dispute settlement panel challenging India's duties on wine and spirits and other imports from the United States.

June

4-The United States submits a paper to the WTO Negotiating Group on Rules proposing that certain trade-distorting subsidies be prohibited.

June—Continued

8-Canada requests the establishment of a WTO dispute settlement panel to rule whether the United States violated WTO rules by providing excessive subsidies to its farmers as well as illegal agricultural export subsidies.

14-The United States and Rwanda launch formal negotiations on a Bilateral Investment Treaty.

20-Antigua and Barbuda announces that it will seek authorization from the WTO to impose more than \$3.4 billion in annual trade sanctions against the United States for its failure to comply with a WTO ruling against U.S. restrictions on Internet gambling.

20-The United States and Georgia sign a TIFA.

21-The United States and Vietnam sign a TIFA.

25-The United States and Peru agree on amendments to the U.S.-Peru Trade Promotion Agreement (TPA) pursuant to the May 10, 2007, U.S. agreement to add core labor and environmental standards.

27-Peru ratifies the amended U.S.-Peru TPA.

28-The United States and Colombia agree on amendments to the U.S.-Colombia TPA pursuant to the May 10, 2007, U.S. agreement to add core labor and environmental standards.

28-The United States and Panama sign a bilateral FTA.

28-The United States terminates GSP duty-free benefits for certain products from Brazil, Côte d'Ivoire, India, the Philippines, Thailand, and Venezuela.

30-The United States and Korea sign a bilateral FTA.

30-President Bush signs legislation to extend ATPA duty-free benefits for Bolivia, Colombia, Ecuador, and Peru.

July

1-The President's Trade Promotion Authority expires.

3-The Indian government announces that it will lift a tariff on imports of wines, beer, and spirits that is the subject of a WTO dispute settlement complaint.

July–Continued

11-Brazil files a request for WTO dispute settlement consultations relating to U.S. support and export credit guarantees for agricultural products paid to U.S. farmers.

11-Panama ratifies the U.S.-Panama TPA.

24-The United States and Mexico request a WTO dispute settlement panel challenging Chinese subsidies.

August

13-The United States requests the establishment of a WTO dispute settlement panel to resolve claims that the Chinese IPR legal regime fails to adequately protect and enforce U.S. copyrights and trademarks.

14-NAFTA trade ministers meet and agree on rules-of-origin changes to be implemented in 2008.

September

6-U.S.-Mexican Cross-Border Trucking Program begins, satisfying provisions under NAFTA.

14-China requests WTO dispute settlement consultations relating to preliminary U.S. antidumping and countervailing duties imposed on imports of Chinese coated free sheet paper (glossy paper).

21-A WTO dispute settlement panel report is circulated that agrees with U.S. claims that Turkey's measures on imported rice are inconsistent with Turkey's WTO obligations.

28-U.S. duties for certain goods imported from Mexico are eliminated under NAFTA.

28-President Bush signs legislation extending the trade adjustment assistance program for three months.

October

2-The United States establishes the Validated End-User program for India to increase secure high-tech trade with India.

8-Costa Rica approves CAFTA-DR in a national referendum.

16-President Bush signs a bill boosting penalties for violations of export control regulations.

October–Continued

30-Colombia ratifies the amended U.S.-Colombia TPA.

November

1-The United States and Canada implement an arrangement concerning trade in potatoes.

8-Brazil and Canada request establishment of a WTO dispute settlement panel to consider whether the United States violated WTO rules by providing excessive subsidies to U.S. farmers.

14-The United States and Libya agree to establish a formal body that will meet annually to discuss ways to broaden bilateral commercial ties.

19-China agrees to terminate subsidies that the United States alleged were inconsistent under WTO rules.

21-The United States and Japan finalize an agreement to facilitate trade in telecommunications equipment and harmonize certification requirements.

28-A NAFTA panel rejects the U.S. Department of Commerce's use of "zeroing" in calculating dumping margins.

30-The United States and the EU propose to increase global trade in technologies that inhibit climate change by eliminating tariffs and other barriers.

December

4-Congress completes ratification of the U.S.-Peru TPA.

5-The United States and Paraguay agree to expand coverage of GSP duty-free benefits to include certified handicrafts.

11-The U.S. Department of Commerce and China's Ministry of Commerce sign the "Guidelines for U.S.-China High Technology and Strategic Trade Development."

11-The United States and China sign two agreements on food and feed import safety and drug and medical device import safety.

12-The United States and China conclude a memorandum of understanding on illegal logging and associated trade.

December—*Continued*

14-President Bush signs the U.S.-Peru TPA Implementation Act.

17-The United States reaches agreement with the EU at the WTO on compensation for Internet gambling.

27-President Bush proclaims modifications to the CAFTA-DR textile rules of origin.

27-President Bush proclaims modifications to the U.S.-Chile FTA and the U.S.-Singapore FTA rules of origin.

31-President Bush signs into law the Sudan Accountability and Divestment Act of 2007.

Sources: Compiled from multiple U.S. government sources, including U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Department of Labor, U.S. International Trade Commission, U.S. Department of State, and the White House. Other sources include Bureau of National Affairs, *International Trade Daily*, and U.S. Chamber of Commerce.

CHAPTER 1

Overview of U.S. Trade

Scope and Approach of the Report

This report provides factual information on the operation of the U.S. trade agreements program and its administration for calendar year 2007.¹ The trade agreement activities during 2007 include the administration of U.S. trade laws and regulations; U.S. participation in the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia-Pacific Economic Cooperation (APEC) forum; U.S. negotiation of and participation in free trade agreements (FTAs); and bilateral developments with major trading partners.

The report is based on primary source materials on U.S. trade programs and administrative actions thereunder, including U.S. government *Federal Register* notices, publications and press releases by the U.S. International Trade Commission (USITC or the Commission) and other U.S. government agencies. Other primary sources of information include publications of international institutions, including the International Monetary Fund (IMF), the OECD, the WTO, and official publications of foreign governments. Professional journals, trade publications, and news reports are used to provide supplemental factual information when primary source information is unavailable.

The data provided throughout the report are on merchandise trade except for chapter 1, which also includes data on services trade as compiled by the Commission primarily from the U.S. Census Bureau of the U.S. Department of Commerce, as well as the United Nations (UN) and the IMF.

Overview of the U.S. Economy in 2007

The expansion of the U.S. economy continued for the sixth consecutive year in 2007, but growth was slower than in previous years.² Real U.S. gross domestic product (GDP) increased by 2.2 percent in 2007, compared with 2.9 percent growth in 2006.³ Personal consumption expenditures, exports,⁴ nonresidential structures, and state and local government spending were leading components of the growth in 2007. The decline in real GDP growth between 2006 and 2007 primarily reflected a large decrease in residential fixed

¹ This is the 59th in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. 2213(c)) and its predecessor legislation.

² According to the U.S. Department of Commerce (USDOC), GDP growth in 2007 was the weakest since 2002. The change is associated with a reorientation of the U.S. economy away from housing investment and toward exports and investment in business structures. White House, *Economic Report of the President*, February 2008, 25.

³ USDOC, Bureau of Economic Analysis (BEA), "National Economic Accounts."

⁴ A slowdown in real imports was also a factor in the positive contribution of net exports to the growth of GDP during the year. Net exports added almost a percentage point to U.S. GDP growth in the second half of 2007. Board of Governors of the Federal Reserve System, *Monetary Policy Report to the Congress*, 17.

investment, a downturn in private inventory investment, and a decline in equipment and software expenditures that were partly offset by a decline in imports. The decline in the U.S. housing market, which began in 2006, continued to be a drag on economic activity in 2007.⁵

The quarterly pattern of real GDP growth in 2007 was uneven, with relatively stronger growth in the second and third quarters and relatively weaker growth in the first and fourth quarters. GDP growth slowed sharply in the fourth quarter of 2007, increasing only at an annual rate of 0.6 percent, after posting a 4.9 percent annual rate in the third quarter.⁶

Despite slower growth in 2007, the U.S. economy recorded growth that either equaled or exceeded that of some other major industrialized countries and areas, including the euro area (2.2 percent)⁷ and Japan (1.8 percent).⁸ However, U.S. economic growth was below the world average GDP growth rate of 5.2 percent,⁹ as well as that of Canada (2.9 percent), Mexico (3.8 percent), China (11.5 percent), and the OECD (2.9 percent).¹⁰

Exchange-Rate Trends

The U.S. dollar depreciated 6 percent in 2007 on a trade-weighted yearly average basis against a group of major currencies (figure 1.1).¹¹ It generally depreciated during the year against the Canadian dollar, the euro, the Chinese yuan, and the Japanese yen, with the largest depreciation occurring against the Canadian dollar. Short-term fluctuations in the dollar-yuan exchange rate continued to be small, with the dollar's rate of depreciation accelerating against the yuan in late 2007.¹² Despite the fluctuations during the year, the U.S. dollar ended the year at approximately where it began the year against the Mexican peso and the British pound.

⁵ IMF, "World Economic Outlook," April 2008, 10.

⁶ Economic growth slowed as a result of a weak housing sector, credit tightening, and high energy prices. White House, *Economic Report of the President*, 18.

⁷ The euro area includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Slovenia, and Spain.

⁸ OECD, "Main Economic Indicators: Country Comparison Tables," April 2008.

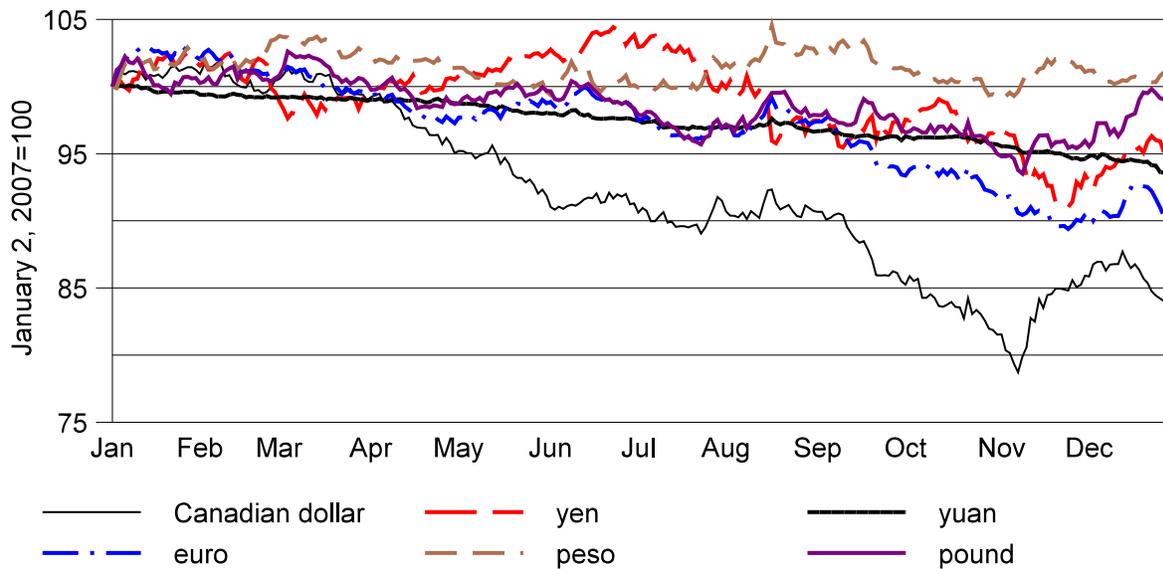
⁹ GDP growth data for the world and China are from the IMF, "World Economic Outlook," April 2008, table 1.1, 8.

¹⁰ The OECD includes Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

¹¹ USDOC, BEA, "International Economic Accounts—U.S. International Transactions: Fourth Quarter and Year 2007, Current Account," These data cover exchange rates for the 2007 calendar year. Data analyzed by the Federal Reserve covered January 2007 through February 21, 2008. Those data show that the nominal trade-weighted exchange value of the dollar against major currencies depreciated by more than 10 percent during that period. Board of Governors of the Federal Reserve System, *Monetary Policy Report to the Congress*, 33.

¹² Board of Governors of the Federal Reserve System, *Monetary Policy Report to the Congress*, 33.

Figure 1.1 Indices of exchange rates for selected major currencies in relation to the U.S. dollar, daily, 2007^a



Source: U.S. Federal Reserve Board.

^a Units of the foreign currency per unit of the U.S. dollar. A decrease in the index represents a depreciation in the U.S. dollar relative to the foreign currency, and an increase in the index represents an appreciation of the U.S. dollar relative to the foreign currency.

Balance of Payments

The U.S. current account deficit—the combined balances on trade in goods and services, income, and net current unilateral transfers—decreased from \$811.5 billion in 2006 to \$738.6 billion in 2007.¹³ As a share of U.S. GDP, the current account deficit was 5.3 percent in 2007, down from 6.2 percent in 2006. The decrease was accounted for by increases in the surpluses on income and services, as well as a decrease in the deficit on goods. The deficit on trade in goods decreased from \$838.3 billion in 2006 to \$815.4 billion in 2007. The balance on income¹⁴ increased from a surplus of \$36.6 billion in 2006 to a surplus of \$74.3 billion in 2007.

¹³ USDOC, BEA, “International Economic Accounts—U.S. International Transactions: Fourth Quarter and Year 2007, Current Account.”

¹⁴ The balance on income is income receipts (including income receipts on U.S.-owned assets abroad and compensation of U.S. employees abroad) less income payments (including income payments on foreign-owned assets in the United States and compensation of foreign employees in the United States).

The trade surplus on services increased from \$79.7 billion in 2006 to \$106.9 billion in 2007.¹⁵ Exports of services increased to \$479.2 billion in 2007 from \$422.6 billion in 2006, and more than half of the increase was accounted for by an increase in “other” private services, which includes business, professional, and technical services; insurance services; and financial services. There were also increased exports of travel; royalties and license fees; and “other” transportation, which includes freight and port services. Imports of services increased from \$342.8 billion in 2006 to \$372.3 billion in 2007, with more than half of the increase accounted for by an increase in “other” private services.¹⁶ Net financial account payments (outflows) were \$1.2 trillion in 2007, up from \$1.1 trillion in 2006.¹⁷

Trade in Goods and Services

The U.S. foreign trade deficit for goods and services in 2007 was \$708.6 billion (5.1 percent of GDP), down from a deficit in 2006 of \$758.5 billion (5.7 percent of GDP).¹⁸ U.S. exports of goods and services, on a seasonally adjusted U.S. balance-of-payments (BOP) basis,¹⁹ were valued at \$1,628.4 billion in 2007, with imports of goods and services valued at \$2,336.9 billion. Exports of services increased in 2007, but at a slower pace than in the previous year. The pace of the increase in the exports of goods and services reflected the economic growth of U.S. trading partners, expanded domestic production capacity, and exchange-rate trends.²⁰

Largely as a result of higher petroleum prices, U.S. spending on petroleum imports increased during 2007, resulting in an increase in the petroleum products deficit from \$270.9 billion in 2006 to \$293.5 billion in 2007.²¹ Imports of petroleum accounted for 14.2 percent of total imports, by value, in 2007, and the petroleum products deficit represented 41.2 percent of the total U.S. deficit on trade in goods and services in 2007. U.S. trade in goods and services is discussed in more detail below.

¹⁵ Services trade data are reported here on a balance of payments (BOP) basis for purposes of comparison with merchandise trade figures. BOP data include trade in private services, as well as transfers under U.S. military agency sales contracts and U.S. government purchases of miscellaneous services. USDOC, BEA, “International Economic Accounts—U.S. International Transactions; Fourth Quarter and Year 2007, Current Account,” table 1.

¹⁶ U.S. trade in services is described in greater detail below.

¹⁷ The main components of the financial account are capital transfers, foreign direct investment, portfolio investment, banking and other flows, statistical discrepancies, and official reserve assets. USDOC, BEA, “International Economic Accounts—U.S. International Transactions: Fourth Quarter and Year 2007, Current Account.”

¹⁸ USDOC, BEA, “International Economic Accounts—U.S. International Trade in Goods and Services.”

¹⁹ The Census basis data for goods (used elsewhere in this report) are compiled from the documents collected by the U.S. Customs Service and reflect the movement of goods between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. foreign trade zones. Data on goods compiled on a Census basis are adjusted by the USDOC, BEA to a BOP basis to bring the data in line with the concepts and definitions used to prepare the international and national accounts. These adjustments are made to supplement coverage of the Census basis data, to eliminate duplication of transactions recorded elsewhere in the international accounts, and to value transactions according to a standard definition. For a more detailed discussion of the differences between BOP basis and Census basis data, see USDOC, BEA, “Information on Goods and Services” in USDOC, BEA, “International Economic Accounts,” December 2007. BOP trade data in this section of the report may not match data in other sections or in the report appendix because of adjustments made to the data by the sources cited.

²⁰ White House, *Economic Report of the President*, February 2008, 35.

²¹ USDOC, U.S. Census Bureau, “International Economic Accounts—U.S. International Trade in Goods and Services, December 2007,” February 14, 2008.

U.S. Trade in Goods in 2007

U.S. merchandise exports increased to \$1,046.4 billion (7.6 percent of GDP) in 2007 from \$929.5 billion (7.0 percent of GDP) in 2006 (figure 1.2).²² U.S. merchandise imports increased to \$1,942.9 billion (14.0 percent of GDP) in 2007 from \$1,845.1 billion (14.0 percent of GDP) in 2006 (figure 1.2). Exports increased more rapidly than imports for the second year in a row, with exports increasing by 15.6 percent over the 2005–06 period and 12.6 percent over the 2006–07 period and imports increasing 11.0 percent and 5.3 percent during the same two periods.²³

U.S. Merchandise Trade by Product Category²⁴

Exports

Machinery and transport equipment ranked as the largest U.S. export by Standard International Trade Classification (SITC) group in 2007 (appendix table A.1). U.S. exports of machinery and transport equipment were valued at \$462.7 billion in 2007, accounting for 44.2 percent of total U.S. exports during the year, and grew by 9.2 percent from \$423.8 billion in 2006. Almost three quarters of the total increase in exports in 2007 were accounted for by increased U.S. exports of machinery and transport equipment; chemicals and related products; food and live animals; and crude materials (except fuels). None of the SITC groups registered a decline in exports from 2006 to 2007.

Imports

All SITC groups of U.S. imports increased from 2006 to 2007 (appendix table A.1). As in recent years, machinery and transport equipment was the largest U.S. import group by SITC code in 2007. U.S. imports of machinery and transport equipment were valued at \$739.1 billion in 2007, an increase of 4.3 percent over imports of \$708.6 billion in 2006, and accounted for 38.0 percent of total U.S. imports in 2007. Increased U.S. imports of machinery and transport equipment and mineral fuels, lubricants, and related materials represented over half of the total increase in imports in 2007.

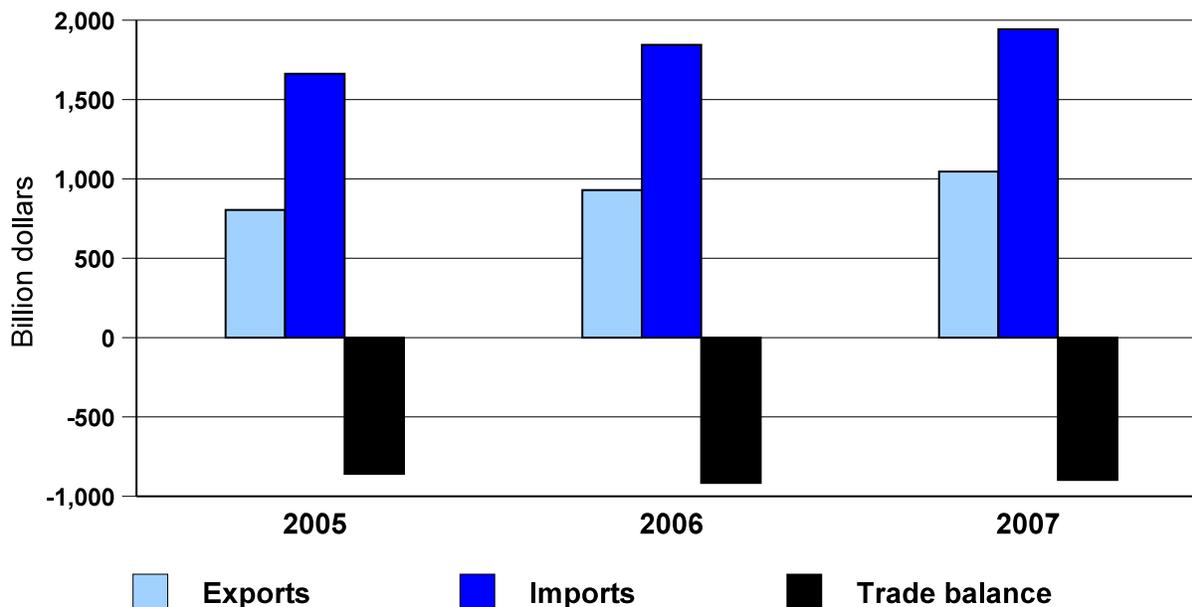
U.S. imports under the four preferential trade programs with developing countries totaled \$90.9 billion in 2007 and accounted for 4.7 percent of total U.S. imports during the year. Duty-free imports totaled \$30.8 billion (appendix table A.12) under the Generalized System of Preferences (GSP) program, \$42.3 billion (excluding GSP imports) under the African Growth and Opportunity Act (AGOA) (appendix tables A.13 and A.14), and \$12.3 billion

²² Merchandise trade data in this section do not match the seasonally adjusted BOP basis data presented above because of adjustments made to the data as described in footnote 19.

²³ U.S. exports have been helped by rising foreign incomes, the expansion of production in the United States, and changes in exchange rates. White House, *Economic Report of the President*, 20.

²⁴ U.S. trade in services is described in greater detail below.

Figure 1.2 U.S. merchandise trade with the world, 2005–07



Source: U.S. Department of Commerce.

under the Andean Trade Preference Act (ATPA) (appendix tables A.15 and A.16). In addition, imports that entered duty free or at reduced rates under the Caribbean Basin Economic Recovery Act (CBERA) totaled \$5.5 billion (appendix tables A.17 and A.18). During 2007, as in the past, increased U.S. imports under AGOA reflected the increased value of petroleum imports, primarily from the three leading exporters of oil under AGOA—Nigeria, Angola, and Gabon.²⁵

U.S. Merchandise Trade with Leading Partners

North American Free Trade Agreement (NAFTA) partners Canada and Mexico together remain the largest U.S. global market for exports and imports, followed by the European Union (EU) (table 1.1).²⁶ Figures 1.3 and 1.4 show leading U.S. export and import markets by share in 2007.

Foreign economic growth continued to be generally strong in 2007, aiding U.S. export growth during the year.²⁷ As shown above, U.S. exports increased by 12.6 percent, while U.S. imports increased by 5.3 percent over the 2006–07 period.²⁸ U.S. exports to major trading partners Canada, Japan, and Korea continued to grow faster than imports from those countries during the year.

²⁵ See chap. 2 of this report for additional information.

²⁶ Leading U.S. exports to and imports from these partners are presented in appendix tables A.22 through A.44. Data in table 1.2 may not match with those in appendix tables A.22 through A.44 because of adjustments made to the data.

²⁷ Global expansion was strong in the first half of 2007, with turbulence in financial markets setting in during the last half of the year. IMF, “World Economic Outlook,” April 2008, xiv.

²⁸ USDOC, USCB, “International Economic Accounts,” February 14, 2008.

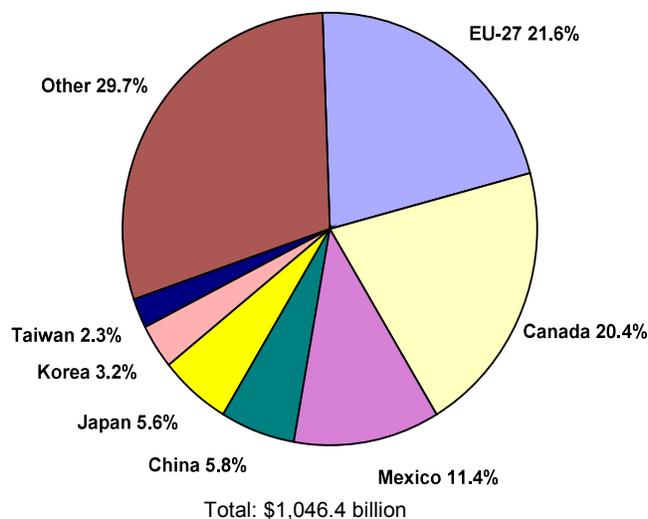
TABLE 1.1 U.S. merchandise trade with major trading partners and the world, 2007

Major trading partner	Exports	Imports	Trade balance	Two-way (exports plus imports)
<i>Billion dollars</i>				
EU-27.....	226.3	352.2	-125.9	578.4
Canada.....	213.1	312.5	-99.4	525.6
China.....	61.0	323.1	-262.1	384.1
Mexico.....	119.4	210.2	-90.8	329.6
Japan.....	58.1	144.9	-86.8	203.0
Korea.....	33.0	45.4	-12.4	78.4
Taiwan.....	24.5	38.1	-13.5	62.6
Brazil.....	21.7	25.0	-3.3	46.7
India.....	16.3	23.9	-7.6	40.2
Russia.....	6.7	19.1	-12.5	25.8
South Africa.....	5.2	9.1	-3.9	14.3
World.....	1,046.4	1,942.9	-896.5	2,989.3

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

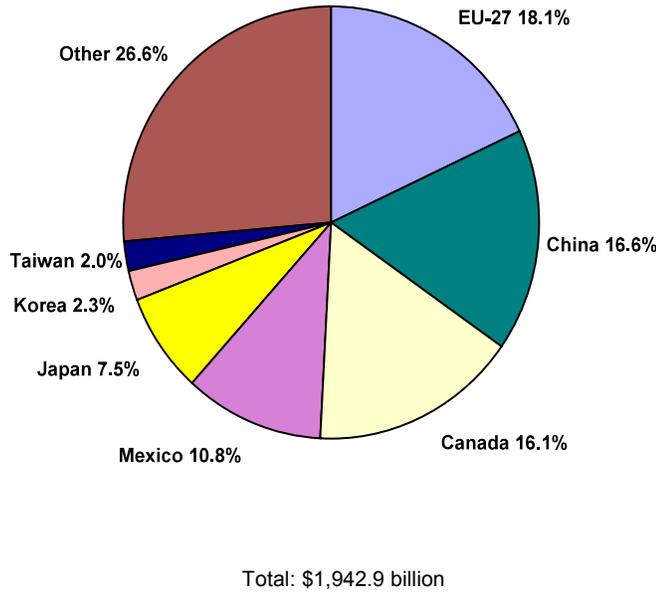
Note: Because of rounding, figures may not add to totals shown.

Figure 1.3 Leading U.S. export markets, by share, 2007



Source: U.S. Department of Commerce.

Figure 1.4 Leading U.S. import sources, by share, 2007



Source: U.S. Department of Commerce.

Canada remains the largest single-country two-way trading partner of the United States, followed by China and Mexico. China alone accounted for 29.2 percent of the total U.S. merchandise trade deficit of \$896.5 billion in 2007, and Canada and Mexico together accounted for 21.1 percent of the deficit. The U.S. trade deficit with China rose from \$235.4 billion in 2006 to \$262.1 billion in 2007 despite the fact that U.S. exports to China grew faster (an increase of 18.2 percent over 2006) than U.S. imports from China (an increase of 12.6 percent over 2006).²⁹

²⁹ U.S. bilateral trade relations with China are discussed in chap. 5 of this report.

U.S. Trade in Services in 2007³⁰

Figure 1.5 shows U.S. private cross-border services trade with the world from 2005 through 2007.³¹ U.S. private services exports increased from \$404.3 billion in 2006 to \$462.2 billion in 2007, an increase of 14.3 percent, and U.S. private services imports increased from \$307.8 billion in 2006 to \$335.3 billion in the same period, an increase of 8.9 percent.

U.S. Services Trade by Product Category

The U.S. surplus in cross-border private services trade increased by 31.5 percent to \$126.9 billion in 2007, marking the fourth consecutive yearly increase and the largest annual increase ever reported. Numerous services accounted for the surge in the services trade surplus, most notably in the business, professional, and technical services³² and financial services categories.³³

Exports

Travel³⁴ ranked as the largest U.S. cross-border private services export, increasing by 13.3 percent to \$97.1 billion in 2007, and accounting for 21 percent of total U.S. exports (appendix table A.2). This increase was consistent with the recovery of the U.S. tourism industry since 2004, following the terrorist attacks on the United States on September 11, 2001. Increased travel exports reflect strong economic growth in leading overseas

³⁰ This section focuses primarily on cross-border services transactions in private services, which exclude government sales and purchases of services. The section presents changes from 2006 to 2007 and data on 2005 are given where appropriate. This section draws its services trade data from the BEA. In these national accounts data, “cross-border transactions” occur when U.S. firms and consumers sell to, or purchase services from, firms and consumers in another country, with people, information, or money crossing U.S. boundaries in the process. Cross-border transactions appear explicitly as imports and exports in the balance of payments. U.S. firms also provide services to foreign consumers through affiliates established in host countries, with the income generated by “affiliate transactions” appearing as investment income in the balance of payments. The channel of delivery used by service providers depends primarily on the nature of the service. For example, many financial services, such as retail banking services, are supplied most effectively by affiliates located close to the consumer. Conversely, trade in education services predominantly takes the form of cross-border transactions involving students studying abroad.

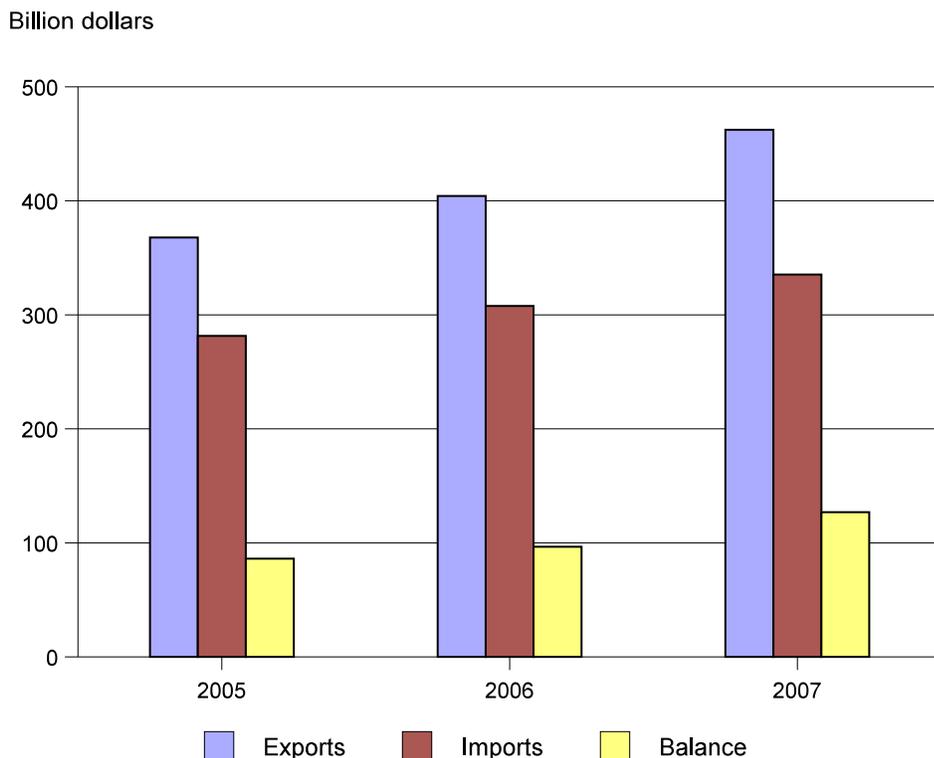
³¹ USDOC, BEA, “Private Services Transactions,” U.S. International Transactions Accounts Data, Table 3, accessed June 3, 2008.

³² The category “business, professional, and technical services” includes advertising; computer and information services; research, development, and testing services; management, consulting, and public relations services; legal services; construction, architectural, and engineering services; industrial engineering; installation maintenance and repair of equipment; operational leasing; and other miscellaneous services.

³³ The category “financial services” include non-insurance, non-deposit financial services provided by banks and securities firms. USDOC, BEA, “International Economic Accounts—U.S. International Transactions: Fourth Quarter and Year,” 5.

³⁴ A country is said to have exported travel and tourism services when foreign nationals make purchases in that country during a visit of less than one year. The value of tourism exports is measured by the total expenditures of foreign visitors irrespective of the purpose of the visit, be it leisure, recreation, business, or other activities. Expenditures on transportation services between countries, such as airfare, and direct spending on education or health care services are excluded from the measure of tourism exports. International Monetary Fund, *Balance of Payments Manual*.

Figure 1.5 U.S. private cross-border services trade with the world, 2005–07



Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA) website, “Private Service Transactions.”

markets for tourism services³⁵ and a decline in the value of the U.S. dollar.³⁶ Other large U.S. services export categories in 2007 were royalties and license fees and business, professional, and technical services, which increased by 14.4 and 18.4 percent over 2006 to \$71.3 billion and \$56.1 billion, respectively. Exports of financial services experienced the most rapid growth among all categories of U.S. private services, growing by 22.1 percent to \$45.3 billion in 2007.

Imports

Travel also ranked as the largest category of U.S. private cross-border imports, increasing by 6.1 percent from \$72.0 billion in 2006 to \$76.4 billion in 2007, representing 22.7 percent of total services imports (appendix table A.3). The measured pace of this increase relative to exports may be attributable to a decline in the value of the U.S. dollar and increased oil prices.³⁷ Other significant categories for U.S. imports of services in 2007 were freight transportation, which totaled \$45.6 billion, and insurance services, which totaled \$38.0

³⁵ Typically, these 5 markets include Mexico, Canada, the United Kingdom, Japan, and Germany. EIU, “Industry Briefing—United States of America: Travel and Tourism Forecast.”

³⁶ Ibid.

³⁷ EIU, “Industry Briefing—USA tourism: Bargain-hunting: The Weak Dollar Lures Visitors.”

billion. While travel, freight transportation, and insurance were the largest U.S. private services import categories in terms of value, imports in two categories—business, professional, and technical services and financial services—experienced the most significant growth in 2007, increasing by 33.9 and 39.3 percent to \$21.2 billion and \$11.8 billion, respectively.

U.S. Services Trade With Leading Partners

Table 1.2 shows U.S. services trade with major trading partners for 2007. The EU was both the United States' largest export market and largest import supplier, accounting for 35.5 percent of total U.S. services exports and 39.3 percent of total U.S. services imports (figures 1.6 and 1.7). Canada and Japan followed the EU as the second and third most significant markets for U.S. services trade in 2007. In addition to a large regional trade surplus with the EU (\$32.5 billion), the United States maintained large bilateral services trade surpluses with Canada (\$20.9 billion), Japan (\$18.4 billion), Mexico (\$8.2 billion), and Korea (\$5.7 billion). In marked contrast to the large U.S. deficit in goods trade with China, as shown above, the United States recorded a services trade surplus of \$5.0 billion with China in 2007.

TABLE 1.2 U.S. private services trade with major trading partners and the world, 2007 (million dollars)

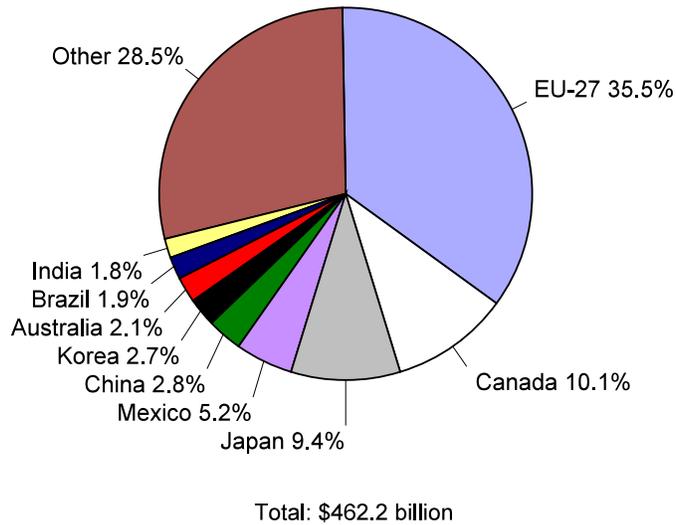
Major trading partner	Exports	Imports	Trade balance
EU-27 ^a	164,311	131,771	32,540
Canada	46,566	25,687	20,879
Japan	43,462	25,016	18,446
Mexico	24,221	16,070	8,151
China	13,083	8,090	4,993
Korea	12,385	6,685	5,700
Australia	9,755	6,239	3,516
Brazil	8,711	3,126	5,585
India	8,211	7,331	880
Taiwan	8,031	7,172	859
Other	123,498	98,116	25,382
World	462,234	335,303	126,931

Source: U.S. Department of Commerce, Bureau of Economic Analysis website, "U.S. Economic Accounts."

Note: Data are preliminary estimates.

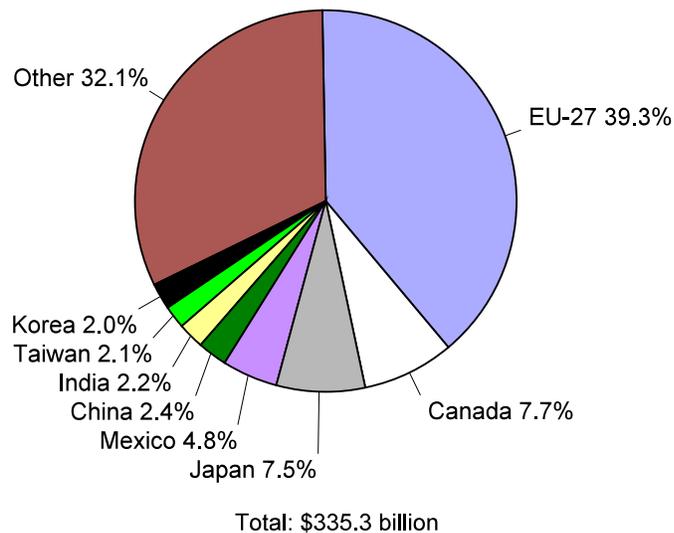
^aEU-27 also includes data from the European Atomic Energy Community and the European Investment Bank. In addition, data for 2007 include Bulgaria and Romania.

Figure 1.6 Leading U.S. private services exports, 2007



Source: U.S. Department of Commerce, Bureau of Economic Analysis website, "U.S. Economic Accounts."

Figure 1.7 Leading U.S. private services imports, 2007



Source: U.S. Department of Commerce, Bureau of Economic Analysis website, "U.S. Economic Accounts."

CHAPTER 2

Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws during 2007. It covers import relief laws; unfair trade laws; programs affecting textile and apparel imports; and certain other trade provisions, including the U.S. Generalized System of Preferences (GSP), the African Growth and Opportunity Act (AGOA), the Andean Trade Preference Act (ATPA), the Caribbean Basin Economic Recovery Act (CBERA), and the Caribbean Basin Trade Partnership Act (CBTPA).

Import Relief Laws

Safeguard Actions

This section covers only safeguard actions under provisions administered by the USITC, including global safeguards provided for in sections 201–204 of the Trade Act of 1974, China safeguards provided for in section 421 of the Trade Act of 1974, and safeguards provided for in various bilateral free trade agreements involving the United States. Safeguard actions under provisions administered by other U.S. government agencies, such as the China textile safeguard actions by the U.S. Department of Commerce (Commerce), are described later in this chapter.

The USITC did not conduct any safeguard investigations during 2007, no safeguard measures under provisions administered by the USITC were in place during calendar year 2007, and no safeguard petitions filed under these provisions were pending before the USITC at the end of 2007.

Adjustment Assistance

The United States maintains a trade adjustment assistance (TAA) program for the purpose of assisting workers, firms, and farmers dislocated as a result of federal policies that reduced barriers to foreign trade. The program for workers is administered by the U.S. Secretary of Labor, the program for firms by the U.S. Secretary of Commerce, and the program for farmers by the U.S. Secretary of Agriculture. The eligibility requirements, benefits, and procedures for the program are set forth in Parts 2, 3, and 6, respectively, of Title II of the Trade Act of 1974, as amended (19 U.S.C. 2271-2401). Program benefits available for qualifying petitioning workers consist principally of trade readjustment allowances, employment services, training, and job search and relocation allowances. Program benefits for qualifying petitioning firms consist of technical assistance. Program benefits for petitioning farmers or agricultural commodity producers (including livestock producers) are

generally in the form of cash payments based on a formula related to commodity prices and limited to a maximum of \$10,000 per producer in any 12-month period.

Trade Adjustment Assistance for Workers

The U.S. Department of Labor (USDOL) received 2,218 TAA petitions¹ during fiscal year (FY) 2007 (October 1, 2006 through September 30, 2007) (table 2.1). The FY 2007 figure represents a decrease from the 2,495 TAA petitions received in FY 2006. Table 2.1 shows the results of TAA petitions determinations during FY 2006 and FY 2007. In FY 2007, a total of 1,443 petitions were certified as eligible for benefits and services and 614 petitions were denied, a decrease from 1,447 petitions certified and from 830 petitions denied in FY 2006.² A total of 146,480 workers were certified for TAA benefits and services in FY 2007.³ This was an increase from the 119,605 workers certified in FY 2006. Table 2.2 presents data on benefits and services provided under the TAA program. There were 47,048 new TAA recipients in FY 2007, compared to 53,491 new recipients in FY 2006. The USDOL appropriated \$855 million in TAA funding to assist workers certified as eligible to receive benefits and services under the TAA program in FY 2007, a decrease from \$966 million in FY 2006.

Trade Adjustment Assistance for Farmers

The statutory authority for the TAA for Farmers program expired on December 31, 2007.⁴ Of the eight petitions filed under the TAA for Farmers program in FY 2007, none were certified and no cash benefits were paid.

¹ Petitions may be filed by a group of three or more workers, by a company official, by “One-Stop” operators or partners (including state employment security agencies and dislocated worker units), or by a union or other duly authorized representative of such workers. The workers on whose behalf a petition is filed must be, or have been, employed at the firm or subdivision identified in the petition. A completed petition describes a group of workers working at a specific location, for a specific company, producing a specific product or group of products. If the group of workers described in the petition is certified, the certification will cover all workers in the group, whether or not their names are on the petition. U.S. Department of Labor, ETA, Web site section “Trade Adjustment Assistance (TAA) and Alternative Adjustment Assistance (ATAA) Application Process.”

² The number of petitions certified for benefits and services and petitions denied will not add up to the total number of petitions received because the numbers do not reflect petitions that were terminated prior to a determination and petitions in which a determination was made in the following fiscal year.

³ 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 has 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. For further information, see USDOL, ETA, “Trade Adjustment Assistance (TAA) and Alternative Adjustment Assistance (ATAA) Application Process.”

⁴ USDA, FAS, “Programs and Opportunities—Trade Adjustment Assistance,” <http://www.fas.usda.gov/itp/taa/taa.asp> (accessed May 20, 2008).

TABLE 2.1 Petitions certified and denied under the TAA program and estimated number of workers affected, FY 2006 and FY 2007

Item	Number of TAA petitions		Estimated number of workers covered ^a	
	FY 2006	FY 2007	FY 2006	FY 2007
Petitions certified for benefits and services (full and partial certifications)	1,447	1,443	119,605	146,680
Petitions denied.	830	614	49,292	43,741
Terminations-withdrawals.	218	161	120	0
Total petitions received.	2,495	2,218	169,017	190,421

Source: U.S. Department of Labor, Employment and Training Administration, "Trade Adjustment Assistance (TAA) Estimated Number of Workers Covered by Certifications," http://www.doleta.gov/tradeact/taa_certs.cfm (accessed May 21, 2008); and correspondence with Commission staff, May 30, 2008.

^a The estimated number of workers covered by a certification is not an exact figure. It is an estimate developed at the time the certification is issued. A certification covers all members of the affected worker group laid off during the approximately 3-year period covered by the certification. Over the course of time, additional workers may be laid off, workers who were laid off may be recalled, or planned layoffs may not occur.

TABLE 2.2 Benefits and services provided under the TAA program, FY 2006 and FY 2007

Item	Estimated number of participants	
	FY 2006	FY 2007
	<i>-----Trade Adjustment allowance benefits-----</i>	
Number of new recipients.	53,491	47,048
Total federal allocations (<i>million dollars</i>).	966	855
Total state allocations (<i>million dollars</i>).	827	849
	<i>--Training, job search, and relocation services--</i>	
Number entering training.	37,426	49,322
Number receiving a job search allowance.	454	399
Number receiving a relocation allowance.	531	750

Source: U.S. Department of Labor, Employment and Training Administration, correspondence, May 30, 2008.

Trade Adjustment Assistance for Firms and Industries

In FY 2007, the Economic Development Administration (EDA) of Commerce awarded a total of \$12.8 million in TAA program funds to its national network of 11 Trade Adjustment Assistance Centers (TAACs). TAACs, typically sponsored by universities or nonprofit organizations, are the primary point of contact for firms during the certification and adjustment proposal processes under the TAA program. EDA certified 135 petitions as eligible for the TAA for firms program and approved 126 adjustment projects during FY 2007.⁵

⁵ Data provided to the Commission by USDOC, EDA, May 30, 2008

Laws Against Unfair Trade Practices

Section 301 Investigations

Sections 301–310 (generally referred to here as section 301) of the Trade Act of 1974 is the principal U.S. statute for addressing foreign unfair practices affecting U.S. exports of goods or services. 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 United States Trade Representative (USTR) to investigate foreign government policies or practices, or the USTR may initiate an investigation.

If the investigation involves a trade agreement and consultations do not result in a settlement, section 303 of the Trade Act of 1974 requires the 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 of 1974 requires the 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, the USTR must take action.⁶ If the practices are determined to be unreasonable or discriminatory, and to burden or restrict U.S. commerce, the USTR must determine whether action is appropriate and, if so, what action to take.⁷ The time period for making these determinations varies according to the type of practices alleged.

Active Section 301 Cases in 2007

The section 301 case concerning the EU's meat hormone directive was ongoing during 2007. A World Trade Organization (WTO) panel, which was established to consider whether the EU has fully implemented the recommendations and rulings of the Dispute Settlement Body (DSB) regarding the meat hormone directive, continued its work during 2007, and the bilateral trade dispute remains unresolved.⁸

New Section 301 Petitions in 2007

During 2007, the USTR also received two new section 301 petitions, neither of which was subsequently accepted for review. One petition was filed by the Bipartisan China Currency Action Coalition, a coalition of 42 members of the U.S. House of Representatives.⁹ According to the USTR, the petition was similar to petitions that had been filed in 2004 and

⁶ Section 301(a) of the Trade Act of 1974, as amended (19 U.S.C. 2411(a)).

⁷ Section 301(b) of the Trade Act of 1974, as amended (19 U.S.C. 2411(b)).

⁸ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 69, 86, and 206.

⁹ Petition for Relief Under Section 301(a) of the Trade Act of 1974, as amended, On Behalf of the Bipartisan China Currency Action Coalition, dated May 17, 2007.

2005 regarding China's currency regime.¹⁰ The petition alleged that the acts, policies, and practices of the government of China have resulted in a significant undervaluing of China's currency.¹¹ The petition alleged that the exchange-rate regime that maintained the undervaluation of the currency violates the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement), the General Agreement on Tariffs and Trade (GATT) 1994, and the WTO Agreement on Agriculture.¹² Moreover, it alleged that the exchange-rate regime violates the International Monetary Fund Articles of Agreement.¹³ After reviewing the petition, the USTR decided not to accept the petition for review.¹⁴

Another section 301 petition was filed by a coalition of workers, unions, trade associations, companies, and municipalities.¹⁵ The petition alleged that numerous federal and provincial tax credits that are granted to firms producing film and television programs in Canada constitute a prohibited export subsidy that violates the WTO SCM Agreement. After reviewing the petition, the USTR decided not to accept the petition for review.¹⁶

Special 301

The Special 301 law requires the USTR each year to identify foreign countries that deny adequate and effective protection of intellectual property rights (IPR), or deny fair and equitable market access to U.S. persons who rely on IPR protection.¹⁷ Under the statute, countries are considered to deny adequate and effective IPR protection if they do not allow foreign persons "to secure, exercise, and enforce rights relating to patents, process patents, registered trademarks, copyrights and mask works."¹⁸ Countries also are considered to deny fair and equitable market access if they deny access to a market for a product that is protected by a copyright or related right, patent, trademark, mask work, trade secret, or plant breeder's right through the use of laws and practices that violate international agreements or that constitute discriminatory nontariff trade barriers. A country can be found to deny adequate and effective IPR protection even if it is in compliance with its obligations under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).¹⁹

¹⁰ USTR, "Administration Declines Section 301 Petition on China's Currency Policies," June 13, 2007.

¹¹ For additional information, see the section "Global Trade Imbalances and China's Exchange Rate Regime" in chap. 5 of this report.

¹² Petition for Relief Under Section 301(a) of the Trade Act of 1974, as amended, On Behalf of the Bipartisan China Currency Action Coalition, dated May 17, 2007.

¹³ *Ibid.*

¹⁴ USTR, "Administration Declines Section 301 Petition on China's Currency Policies," June 13, 2007.

¹⁵ Petition for Relief Under Section 301(a) of the Trade Act of 1974, as amended, On Behalf of the Film and Television Action Committee, *et al.*, dated September 4, 2007.

¹⁶ Statement from Gretchen Hamel, Deputy Assistant USTR for Public and Media Affairs, regarding a Section 301 Petition on Canadian Film Subsidies, October 19, 2007.

¹⁷ Persons who rely on IPR protection means persons involved in: "(A) the creation, production or licensing of works of authorship ... that are copyrighted, or (B) the manufacture of products that are patented or for which there are process patents." Section 182(d)(1) of the Trade Act of 1974 (19 U.S.C. 2242(d)(1)).

¹⁸ A "mask work" is a "series of related images, however fixed or encoded— (A) having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and (B) in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product." Section 901(a)(2) of the Semiconductor Chip Protection Act (14 U.S.C. 901(a)(2)) and Section 182(d)(2) of the Trade Act of 1974 (19 U.S.C. 2242(d)(2)).

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

In addition, the Special 301 law directs the USTR to identify so-called priority foreign countries.²⁰ Priority foreign countries are countries that have the most onerous or egregious acts, policies, or practices that have the greatest adverse impact (actual or potential) on the relevant U.S. products. Such countries must be designated as priority foreign countries unless they are entering into good faith negotiations or making significant progress in bilateral or international negotiations to provide adequate and effective IPR protection. The identification of a country as a priority foreign country triggers a section 301 investigation, unless the USTR determines that the investigation would be detrimental to U.S. economic interests.

In addition to identifying priority foreign countries as required by statute, the USTR has adopted a practice of naming countries to either 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. 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 2007 Special 301 review, the USTR examined the adequacy and effectiveness of IPR protection in 79 countries.²¹ In conducting the review, the USTR focused on a wide range of issues and policy objectives, including Internet piracy, counterfeit pharmaceuticals, transshipment of pirated and counterfeit goods, implementation of the TRIPS Agreement, and ensuring that foreign government ministries only use legally authorized and properly licensed business software. The USTR devoted special attention to the need for significantly improved enforcement against counterfeiting and piracy.²²

In the 2007 review, no countries were identified as priority foreign countries. The 2007 Special 301 report highlighted weak IPR protection and enforcement in China and Russia, both of which were placed on the priority watch list. Twelve countries altogether were placed on the priority watch list, and 30 countries were placed on the watch list. Belize and Brazil were moved from the priority watch list to the watch list due to improved IPR enforcement. The Bahamas and Latvia were removed from the watch list due to improved IPR enforcement, and Bulgaria and Croatia were removed from the watch list due to passage of IPR legislation and improved enforcement. The EU was removed from the watch list principally because the EU adopted new regulations concerning geographical indications following an adverse WTO ruling.²³

²⁰ Section 182(a)(2) of the Trade Act of 1974 (19 U.S.C. 2242(a)(2)).

²¹ USTR, *2007 Special 301 Report*.

²² *Ibid.*

²³ *Ibid.*

Antidumping and Countervailing Duty Investigations and Reviews

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930, as amended.²⁴ The antidumping law provides relief in the form of special additional duties that are intended to offset margins of dumping. Antidumping duties are imposed when (1) 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.²⁵ The antidumping duty is calculated to equal 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 from the specified producers/exporters in the subject country and may be subsequently adjusted following an appropriate review.

Commerce and the Commission each conduct preliminary and final antidumping investigations in making their separate determinations.²⁶ The Commission instituted 33 new antidumping investigations and completed 8 investigations during 2007.²⁷ In 2007, antidumping duties were imposed in two of those investigations as a result of affirmative Commission determinations⁷ on certain activated carbon from China and polyester staple fiber from China (table 2.3).

²⁴ 19 U.S.C. 1673 et seq.

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

²⁶ Upon the filing of a petition, the Commission has 45 days to determine 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 the Commission makes an affirmative determination, the USDOC 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.

²⁷ 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 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 investigation.

TABLE 2.3 Antidumping duty orders that became effective during 2007

Country	Product	Range of duty
		<i>Percent</i>
China.	Certain activated carbon	61.95 to 228.11
China.	Certain polyester staple fiber	de minimis to 44.30

Source: Compiled by USITC from *Federal Register* notices.

Details on all antidumping investigations active at the Commission during 2007 are presented in appendix table A.4. A list of all antidumping duty orders, including suspension agreements,²⁸ in effect as of the end of the year is presented in appendix table A.5.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in Title VII of the Tariff Act of 1930, as amended. It provides for the levying of special additional duties to offset foreign subsidies on products imported into the United States.²⁹ In general, procedures for such 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 seven new countervailing duty investigations and completed three investigations during 2007. However, because the Commission made negative determinations in each of the three investigations (on coated free sheet paper from China, Indonesia, and Korea), no countervailing duty orders were issued during 2007.

A list of the countervailing duty investigations active at the Commission during 2007 is presented in appendix table A.6, and a list of all countervailing duty orders, including suspension agreements,³⁰ in effect at the end of the year is presented in appendix table A.7.

²⁸ 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 six 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. A suspended investigation is reinstated if LTFV sales recur. See 19 U.S.C. 1673c.

²⁹ 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).

³⁰ 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 six 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 reinstated if subsidization recurs. See 19 U.S.C. 1671c.

Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751 of the Tariff Act of 1930 requires Commerce, if requested, to conduct annual reviews of outstanding countervailing duty and antidumping 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. Under this procedure, 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 sufficiently to warrant review and revocation. On the basis of either of these reviews, Commerce may revoke an antidumping or countervailing duty order in whole or in part or terminate or resume a suspended investigation. No changed circumstances investigations were active at the Commission during 2007.

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 outstanding orders and suspension agreements five years after their publication to determine whether revocation of an order or termination of a suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.³¹ During 2007, Commerce and the Commission instituted 33 sunset reviews of existing antidumping and countervailing duty orders³² and the Commission completed 74 reviews, resulting in 38 antidumping and countervailing duty orders being continued for five additional years. Appendix table A.8 lists the reviews of antidumping and countervailing duty orders completed in 2007.³³

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended,³⁴ 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.³⁵

³¹ 19 U.S.C. 1675c.

³² Two of these reviews were subsequently terminated and the outstanding orders revoked because a domestic industry did not request that they be continued. The two revoked antidumping duty orders concerned automotive replacement glass windshields from China and individually quick frozen red raspberries from Chile. In addition, the review of the countervailing duty order on low enriched uranium from France was terminated and the outstanding order revoked because of an amended final negative determination by the U.S. Department of Commerce.

³³ For detailed information on reviews instituted, as well as Commission action in all reviews, see USITC, web site section, "Five-Year (Sunset) Reviews."

³⁴ 19 U.S.C. 1337.

³⁵ 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

(continued...)

If the Commission determines that a violation exists, it can issue an order to exclude the subject imports from entry into the United States, or order the violating parties to cease and desist from engaging in the unlawful practices.³⁶ The orders enter into force unless disapproved for “policy reasons” by the USTR within 60 days of issuance.

During 2007, there were 77 active section 337 investigations and ancillary proceedings, 39 of which were instituted in 2007. Of these 39, there were 35 new section 337 investigations and 4 new ancillary proceedings relating to previously concluded investigations. All of the new section 337 institutions in 2007 included allegations of patent infringement. The Commission completed a total of 34 investigations and ancillary proceedings under section 337 in 2007, including one enforcement proceeding, one advisory opinion proceeding, one sanctions proceeding, and two remand proceedings. Eight exclusion orders and 26 cease-and-desist orders were issued during 2007. A number of investigations were also terminated by the Commission without determining whether section 337 had been violated. Nine of these investigations were terminated on the basis of settlement agreements or consent orders.

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 baseband processor chips, wireless communication equipment and devices, semiconductor devices, and personal computers. Several other investigations involved small electronic devices, including laser bar code scanners, global positioning satellite chips, digital video disc (DVD) players, and digital multimeters. Other section 337 investigations active during the year focused on a variety of consumer items, including foam footwear, nitrile rubber gloves, ground fault circuit interrupters, and bassinets.

At the close of 2007, 40 section 337 investigations and related proceedings were pending at the Commission. Commission activities involving section 337 actions in 2007 are presented in appendix table A.9. As of December 31, 2007, a total of 67 outstanding exclusion orders based on violations of section 337 were in effect. Appendix table A.10 lists the investigations in which these exclusion orders were issued.

³⁵ (...continued)

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.

³⁶ Section 337 proceedings at the Commission are conducted 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 GSP program has lapsed and been renewed several times. Authorization for the GSP program is currently set to expire on December 31, 2008.

The program is authorized by Title V of the Trade Act of 1974, as amended.³⁷ It has been enhanced to allow duty-free treatment for certain products when imported only from countries designated as “least developed beneficiary developing countries.” Further, Public Law 106-200—enacted May 18, 2000—in Title I (African Growth and Opportunity Act) amended Title V of the Trade Act of 1974 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 legislation was amended in 2006 and the authority extended to 2015). 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 of imports for U.S. business and lowering prices for American consumers.

Countries are designated as “beneficiary developing countries” under the GSP program by the President. 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. The President cannot designate countries that do not afford adequate IPR protection or that do not afford internationally recognized worker rights to their workers.³⁸ 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 and thus not eligible for duty-free treatment under the GSP program.³⁹ 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.

The following developments with respect to the U.S. GSP program occurred during 2007:

³⁷ 19 U.S.C. 2461 et seq.

³⁸ 19 U.S.C. 2462(b).

³⁹ 19 U.S.C. 2463.

- On January 4, 2007, East Timor was designated a GSP beneficiary, and a least developed GSP beneficiary; the members of the South Asian Association for Regional Cooperation (SAARC) (Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka) were allowed to cumulate the value of their exports for purposes of qualifying exports for the GSP (with Afghanistan noted as eligible upon SAARC accession); and Bulgaria and Romania were removed from GSP status following their entry into the EU.⁴⁰ In addition, the Harmonized Tariff Schedule (HTS) was modified effective February 3, 2007, reflecting changes in the international harmonized nomenclature, which necessitated changes to the U.S. HTS.⁴¹
- Effective March 1, 2007, the Dominican Republic acceded to the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), and was removed as a beneficiary under the GSP and CBERA programs.⁴²
- On June 29, 2007, changes based on the 2006 annual GSP review were announced. For the first time, competitive need limitation (CNL) waivers were revoked, based on the changes made in Public Law 109-432 of December 9, 2006, which had extended the GSP program through December 31, 2008. CNL waivers were revoked for eight products (from six countries) for which 2006 imports either exceeded 75 percent of total U.S. imports, or exceeded 150 percent of the CNL dollar value for 2006 imports. Other products were removed from GSP eligibility for exceeding the CNL quantity, and certain products were redesignated for GSP eligibility, after imports dropped below the CNL level.⁴³

Duty-free imports entered under the GSP program totaled \$30.8 billion in 2007, accounting for 10.2 percent of total U.S. imports from GSP beneficiary countries and 1.6 percent of total U.S. imports (table 2.4). Angola was the leading GSP beneficiary in 2007, followed by India, Thailand, Brazil, and Indonesia. More than one quarter of all duty-free entries under GSP were petroleum products. Appendix table A.11 shows the top 20 GSP products or product categories in 2007, and appendix table A.12 shows the overall sectoral distribution of GSP benefits.

African Growth and Opportunity Act

In 2007, articles entering the United States free of duty under the African Growth and Opportunity Act (AGOA) were valued at \$42.3 billion; petroleum products accounted for more than 95 percent of such imports. AGOA was enacted in 2000 to provide unilateral preferential trade benefits to eligible sub-Saharan African (SSA) countries pursuing political

⁴⁰ Presidential Proclamations 8097 and 8098, of December 29, 2006.

⁴¹ 72 Fed. Reg. 459.

⁴² Proclamation No. 8111, 72 Fed. Reg. 10023 (March 6, 2007).

⁴³ Proclamation No. 8157, 72 Fed. Reg. 36528 (June 29, 2007).

TABLE 2.4 U.S. imports for consumption from GSP beneficiaries and the world, 2007*(Million dollars)*

Item	All GSP beneficiaries	World
Total U.S. imports ^a	303,126	1,931,941
Non-GSP eligible imports.	252,118	1,054,299
GSP eligible products.	51,008	877,642
GSP non-LDBDC eligible ^b	35,155	387,551
GSP LDBDC eligible ^c	15,853	490,091
Total GSP duty free imports.	30,849	30,849
Non-LDBDC GSP duty free.	21,835	21,835
GSP LDBDC duty free	9,014	9,014
Total of GSP eligible products not benefitting from GSP duty-free treatment.	20,159	846,793
GSP program exclusions.	8,277	8,371
All other.	11,882	838,422

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

Note: Customs-value basis; excludes imports from the U.S. Virgin Islands.

^a Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP.

^b 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 parenthesis (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 the 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).

^c LDBDC eligible products are those for which a rate of duty “Free” appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbol “A+” in parenthesis (the symbol “A+” indicates that all least-developed beneficiary developing countries (LDBDC) (and only LDBDC’s) 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 importers 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.

and economic reform.⁴⁴ AGOA provides duty-free market access to all GSP⁴⁵ eligible products and more than 1,800 additional qualifying tariff line-item products from eligible SSA countries, and exempts beneficiaries from GSP CNLs. AGOA also provides duty-free treatment for certain apparel articles made in qualifying SSA countries. AGOA is scheduled to be in effect until 2015.⁴⁶

Total U.S. imports from AGOA countries were valued at \$64.5 billion in 2007, an increase of 15.2 percent over 2006 (table 2.5). Duty-free U.S. imports under AGOA, including under the GSP program, were valued at \$51.1 billion in 2007 and accounted for 79.1 percent of all U.S. imports from AGOA countries. U.S. imports under AGOA, exclusive of the GSP program, were valued at \$42.3 billion in 2007, a 17.0 percent increase over 2006, and accounted for 65.5 percent of all imports from AGOA countries. Textile and apparel imports under AGOA are discussed in more detail below.⁴⁷

The leading suppliers of duty-free U.S. imports under AGOA in 2007 were Nigeria (71.3 percent of total AGOA imports), Angola (11.3 percent), Gabon (4.0 percent), Republic of the Congo (3.8 percent), Chad (3.5 percent), and South Africa (2.6 percent). These six countries accounted for 96.4 percent of total imports by value under AGOA (appendix table A.13). Imports of petroleum-related products increased to \$40.2 billion in 2007, up 17.7 percent by value from 2006, and accounted for more than 95.0 percent of the total value of AGOA imports in 2007, approximately the same as in 2006 (appendix table A.14).⁴⁸ Imports of apparel products in 2007 were virtually unchanged from 2006 at \$1.1 billion, and accounted for 2.6 percent of total AGOA imports by value in 2007, down from 3.1 percent of total AGOA imports in 2006.

⁴⁴ In addition to providing preferential access to the U.S. market for eligible SSA products, AGOA also includes a number of trade-facilitating provisions. For further information, see USTR, *2007 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act*, 7–11.

⁴⁵ The U.S. GSP program is described above.

⁴⁶ AGOA was originally scheduled to be in effect until September 30, 2008. Section 3108 of the Trade Act of 2002 enhanced the original 2000 AGOA provisions and expanded preferential access for apparel imports from SSA beneficiaries (these modifications collectively are referred to as AGOA II). The AGOA Acceleration Act of 2004 (AGOA III) enhanced many of the original AGOA trade benefits, and generally extended AGOA provisions until 2015. The Africa Investment Incentive Act of 2006 (AGOA IV) extended the textile and apparel provisions from September 2008 to September 2015, extended the provision allowing for the use of third-party fabric in qualifying duty-free apparel imports from September 2007 to September 2012, and expanded duty-free treatment for textiles and textile products originating entirely in one or more lesser developed beneficiary countries (LDBC). AGOA IV also increased the cap for apparel made from third-party fabric to 3.5 percent of U.S. apparel imported into the United States in the preceding 12-month period beginning October 1, 2006. In this report, the term AGOA refers to the original AGOA, AGOA II, AGOA III, and AGOA IV, as a group. For additional information, see USTR, *2007 Comprehensive Report*.

⁴⁷ See “Textile and Apparel Imports Under AGOA, ATPA, and CBERA” later in this chapter.

⁴⁸ The increase in imports of petroleum and related products reflects increasing prices rather than increasing quantities. Import quantities from the five leading AGOA suppliers (Nigeria, Angola, Gabon, Republic of the Congo, and Chad) increased from 673.6 million barrels in 2006 to 673.7 million barrels in 2007 (approximately 0.01 percent). U.S. Department of Energy, EIA, Official Energy Statistics Database, “U.S. Imports by Country of Origin.”

TABLE 2.5 U.S. imports for consumption from AGOA countries, 2005–07

Item	2005	2006	2007
Total imports from AGOA countries (<i>million dollars</i>).	47,003	56,010	64,532
Total duty free under AGOA, including GSP (<i>million dollars</i>).	38,146	44,239	51,051
Duty-free under AGOA, excluding GSP (<i>million dollars</i>).	32,743	36,133	42,270
AGOA duty-free as a percentage of total.	69.7	64.5	65.5

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

Each year, the President must consider whether SSA countries⁴⁹ are, or remain, eligible for AGOA benefits based on specific criteria.⁵⁰ As of January 1, 2007, a total of 39 SSA countries were designated as eligible for AGOA benefits,⁵¹ and 26 SSA countries were eligible for AGOA textile and apparel benefits.⁵² In 2007, Liberia and Mauritania became eligible for AGOA benefits.⁵³ Section 105 of AGOA requires the President to establish the U.S.-SSA Trade and Economic Cooperation Forum. AGOA also requires the USTR and the Secretaries of State, Commerce, and the Treasury to host meetings with senior-level officials from governments of countries that are eligible for AGOA benefits to discuss their trade, investment, and development relationships. The sixth AGOA forum was held in July 2007 in Accra, Ghana. The theme of the forum was “As Trade Grows, Africa Prospers: Optimizing the Benefits Under AGOA.”⁵⁴ In addition, in March 2006, the USTR “re-chartered the Trade Advisory Committee on Africa (TACA) in order to facilitate the goals and objectives of AGOA. The TACA is intended to advise the USTR on trade and economic policy matters with respect to the countries of sub-Saharan Africa. . . . The inaugural meeting of the TACA, chaired by Ambassador Susan Schwab, was convened in March 2007.”⁵⁵

Section 112(c)(1) of AGOA allows apparel articles produced in lesser developed beneficiary (LDB) SSA countries⁵⁶ from third-country fabric to enter the United States duty free, subject

⁴⁹ 19 U.S.C. 3706 lists a total of 48 countries, or their successor political entities, as potential beneficiaries.

⁵⁰ 19 U.S.C. 3703(a). See also USTR, *2007 Comprehensive Report*, 14.

⁵¹ The following countries are listed in General Note 16 of the HTS as designated AGOA beneficiaries: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Democratic Republic of the Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of the Congo, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. See USITC, *HTS 2007 (Rev. 1)*, June 2007, 166.

⁵² The following 26 countries are listed in U.S. Note 7 of the HTS as eligible to receive AGOA apparel benefits during 2006: Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Chad, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia. USITC, *HTS 2007 (Rev. 1)*, June 2007, sect. xxii, 98-II-3.

⁵³ USITC, *HTS 2008 (Rev. 2)*, June 2007, 166.

⁵⁴ For more information, see USDOC, ITA, African Growth and Opportunity Act web site, http://www.agoa.gov/agoa_forum/agoa_forum6.html.

⁵⁵ USTR, *2007 Comprehensive Report*, 5.

⁵⁶ The LDB SSA countries for 2007 were Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Swaziland, Tanzania, Uganda, and Zambia. Botswana and Namibia are also eligible for the special rule, despite the fact that they are not LDBCs. Although Liberia and Mauritania are also LDBCs, they were not eligible for the apparel provisions. In April 2008, the President designated Togo as AGOA-eligible and as an LDBC. White House, “To Take Certain Actions Under the African Growth and Opportunity Act and the

(continued...)

to a cap.⁵⁷ In late 2006, Congress amended section 112(c) of AGOA to encourage use of available regional SSA fabrics in place of third-country fabrics. It provided for Commission determinations with respect to the availability and use of regional SSA fabric, and for the President to remove apparel articles made from third-country fabric from eligibility when the Commission determines that regional fabric or yarn is available in commercial quantities, but is not being used in the production of such apparel articles. More specifically, section 112(c)(2)(A)-(B) requires the Commission potentially to make three types of determinations: (1) upon receipt of a petition, whether qualifying regional fabric or yarn is available in commercial quantities and the quantity that will be available in the following fiscal year (October 1-September 30); (2) if that determination is affirmative, in each subsequent year whether such fabric will be so available and the quantity that will be available in the next fiscal year; and (3) after the end of each fiscal year for which a determination was made, the quantity of regional fabric that was used in LDB SSA countries in the production of apparel articles receiving duty-free treatment under AGOA. In addition, section 112(c)(2)(C) of AGOA deemed denim fabric to be so available during fiscal year 2007 in the amount of 30 million square meter equivalents (SMEs) as if a petition had been filed and the Commission had made an affirmative determination and a determination that denim fabric would be available in that amount.

On September 25, 2007, the Commission transmitted its report to the President in its first investigation under section 112(c)(2) of AGOA, stating that it had determined that such denim fabric will be available in the amount of 21,303,613 SMEs during fiscal year 2008.⁵⁸ In December 2007, the Commission announced that it had initiated two additional investigations under section 112(c)(2) for the purpose of (1) determining the quantity of such denim fabric that was used during fiscal year 2007 in LDB SSA countries in the production of apparel articles receiving duty-free treatment under AGOA, and (2) determining the quantity of such denim fabric that will be so available during fiscal year 2009; the Commission indicated it would make its determinations in July and August 2008, respectively.⁵⁹ The Commission did not receive any petitions under section 112(c)(2)(A) during 2007.

Andean Trade Preference Act

In 2007, articles from Bolivia, Colombia, Ecuador, and Peru entering the United States free of duty under the Andean Trade Preference Act (ATPA) were valued at \$12.3 billion (table 2.6). 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.⁶⁰ ATPA expired on December 4, 2001, but was renewed retroactively on August 6, 2002, under the Andean Trade Promotion and Drug

⁵⁶ (...continued)

Generalized System of Preferences and for Other Purposes,” News release, April 17, 2008.

⁵⁷ 19 U.S.C. 3721(c)(1).

⁵⁸ USITC, “ITC Makes First AGOA Textile Determinations,” News release, 07-100, September 25, 2007; USITC, Commercial Availability of Fabric and Yarns in AGOA Countries: Certain Denim, September 2007.

⁵⁹ USITC, “ITC Launches Investigation on Denim Fabric Use and Availability in AGOA Countries,” News release, 07-122, December 6, 2007.

⁶⁰ For a more detailed description of ATPA, including country and product eligibility, see USITC, *Impact of the Andean Trade Preference Act*, September 2006.

TABLE 2.6 U.S. imports for consumption from ATPA countries, 2005–07

Item	2005	2006	2007
Total imports from ATPA countries (<i>million dollars</i>)	20,060	22,511	20,923
Total under ATPA (<i>million dollars</i>)	11,464	13,484	12,307
Imports under ATPDEA (<i>million dollars</i>)	9,303	10,559	9,497
Total under ATPA, excluding ATPDEA (<i>million dollars</i>)	2,161	2,925	2,810
Total under ATPA as a percent of total.	57.1	59.9	58.8

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

Eradication Act (ATPDEA), part of the Trade Act of 2002.⁶¹ ATPA, as amended by ATPDEA, expired on December 31, 2006, but was extended for six months for all ATPA beneficiary countries and for one year for beneficiary countries that meet certain milestones for completing a trade promotion agreement with the United States by June 30, 2007.⁶² ATPA was extended until February 29, 2008, for all beneficiary countries on June 30, 2007,⁶³ and was extended again until December 31, 2008, on February 29, 2008.⁶⁴

A wide range of products is 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 (discussed in more detail below), 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. 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.

Total (dutiable and duty-free) U.S. imports from Bolivia, Colombia, Ecuador, and Peru were valued at \$20.9 billion in 2007, a decrease of 7.1 percent from \$22.5 billion in 2006 (table 2.6). U.S. imports entered under ATPA preferences in 2007 were valued at \$12.3 billion and accounted for 58.8 percent of all imports from ATPA countries. U.S. imports under ATPDEA were valued at \$9.5 billion and accounted for 77.2 percent of imports under ATPA in 2007. U.S. imports under the original ATPA (ATPA excluding ATPDEA) accounted for the remaining 22.8 percent, valued at \$2.8 billion.

⁶¹ Public Law 107-210, Title XXXI. The four ATPA beneficiaries are not automatically eligible for ATPDEA preferences. ATPDEA authorizes the President to designate any ATPA beneficiary as eligible for ATPDEA benefits provided the President determines the country has satisfied certain requirements, including protection of IPR and internationally recognized workers' rights. The President designated all four ATPA beneficiaries as ATPDEA beneficiaries on October 31, 2002. President, Proclamation, "To Implement the Andean Trade Promotion and Drug Eradication Act, Proclamation 7616." 67 Fed. Reg. 67283–67291 (October 31, 2002).

⁶² Public Law 109-432, section 7001 et seq.

⁶³ Public Law 110-42. The conditional extensions were also repealed.

⁶⁴ Public Law 110-191. For additional information, see the discussion of U.S. free trade agreements in chap. 4 of this report.

In 2007, U.S. imports under ATPA decreased from each of the four beneficiary countries (appendix table A.15). Ecuador became the largest source of U.S. imports under ATPA in 2006; imports from Ecuador decreased by 13.4 percent in value during 2007 mainly because of lower petroleum production in that country. Colombia fell to the second-leading supplier of ATPA imports in 2006 and continued in that position in 2007. Petroleum products accounted for 67 percent of U.S. imports under ATPA in 2007 and represented 4 of the top 25 U.S. imports under the program. Apparel was the next-largest category of imports under ATPA, accounting for 9 percent of such imports and 5 of the 25 leading imports under ATPA. Other leading imports under ATPA in 2007 included copper cathodes, fresh cut flowers, asparagus, and gold jewelry (appendix table A.16). Textile and apparel imports under ATPA (including ATPDEA) are discussed in more detail below.⁶⁵

Caribbean Basin Economic Recovery Act

The Caribbean Basin Economic Recovery Act (CBERA) was enacted in 1984 as part of the Caribbean Basin Initiative (CBI) to encourage economic growth and development in the Caribbean Basin countries by promoting increased production and exports of nontraditional products through duty preferences.⁶⁶ The Caribbean Basin Trade Partnership Act (CBTPA) amended CBERA in 2000 and extended the authority through September 30, 2008.⁶⁷ The list of newly qualifying articles under the CBTPA included certain apparel (described in more detail below), the assembly of which is an important Caribbean Basin industry.⁶⁸ The CBTPA also extends NAFTA-equivalent treatment (that is, rates of duty equivalent to those accorded to goods 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.⁶⁹ In the discussions that follow, references to CBERA include CBERA as enhanced by the CBTPA.

In 2007, articles from 19 countries and territories in the Caribbean Basin and Central America entering the United States free of duty or at reduced duties under CBERA were valued at \$5.5 billion.⁷⁰ Table 2.7 shows U.S. imports under CBERA from 2005 to 2007.

⁶⁵ See “Textile and Apparel Imports Under AGOA, ATPA, and CBERA” later in this chapter.

⁶⁶ CBERA was enacted August 5, 1983, as Public Law 98-67, title II; 97 Stat. 384, 19 U.S.C. 2701 et seq. and became effective January 1, 1984 (Presidential Proclamation 5133, 48 Fed. Reg. 54453). Minor amendments to CBERA were made by Public Laws 98-573, 99-514, 99-570, and 100-418. Major amendments were made to CBERA by Public Law 106-200, the Caribbean Basin Trade Partnership Act. Further modifications were made by Public Law 107-210, the Trade Act of 2002; Public Law 109-53, the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act ; and Public Law 109-432, sec. 5001 et seq., the Haitian Hemispheric Opportunity Through Partnership Encouragement Act of 2006 (HHOPE Act).

⁶⁷ On May 22, 2008, Congress passed (over veto) Public Law No. 110-234, which extended CBTPA by two years until September 30, 2010.

⁶⁸ For CBTPA provisions related to textiles and apparel, see “Textile and Apparel-Related Legislation” in this report.

⁶⁹ Only watches assembled from parts originating in countries that are not eligible for normal trade relations tariff treatment were ineligible for duty-free treatment under CBERA, see USITC, *Caribbean Basin Economic Recovery Act*, September 2007, 1-10.

⁷⁰ Table 2.10, and appendix tables A.17, and A.18 include data of four CAFTA-DR countries that were eligible for CBERA benefits during a portion of 2006 and data for the Dominican Republic that was a CBERA beneficiary during part of 2007. When the CAFTA-DR enters into force for a country, such a country is removed from the enumeration of designated beneficiary countries under CBERA, CBTPA, and the GSP. CAFTA-DR entered into force in 2006 for El Salvador, Guatemala, Honduras, and Nicaragua. U.S.

(continued...)

TABLE 2.7 U.S. imports for consumption from CBERA countries, 2005–07

Item	2005	2006	2007 ^a
Total imports from CBERA countries (<i>million dollars</i>).	31,814	25,755	19,058
Total under CBERA, including CBTPA (<i>million dollars</i>).	12,336	9,915	5,496
Total under CBTPA (<i>million dollars</i>).	8,773	5,961	2,662
Total under CBERA, excluding CBTPA (<i>million dollars</i>).	3,563	3,955	2,834
Percent of total under CBERA includes CBTPA.	38.8	38.5	28.8

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

^a Data for 2006 and 2007 include U.S. imports from El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic only for the period during which those countries were eligible for CBERA benefits before CAFTA-DR entered into force.

U.S. imports entering under CBERA provisions decreased by 44.6 percent in 2007. The marked decline in U.S. imports under CBERA provisions in 2007 reflects the fact that El Salvador, Guatemala, Honduras, and Nicaragua are no longer CBERA beneficiaries and the Dominican Republic was a beneficiary only during a portion of the year, and their imports now enter under CAFTA-DR.⁷¹ U.S. imports under CBERA (including the CBTPA) provisions amounted to \$12.3 billion in 2005, \$9.9 billion in 2006, and \$5.5 billion in 2007. During this three year period, duty-free or reduced-duty imports under CBERA (including the CBTPA) accounted for a declining share of all U.S. imports from CBERA countries—38.8 percent in 2005, 38.5 percent in 2006, and 28.8 percent in 2007.

Appendix table A.17 shows U.S. imports entered under CBERA provisions from each of the CBERA countries from 2005 to 2007.⁷² Trinidad and Tobago continued as the leading supplier of U.S. imports under CBERA in 2007. Appendix table A.18 shows the leading 25 U.S. imports entered under CBERA provisions from 2005 to 2007. Mineral fuels, methanol, and apparel products dominated the list of duty-free imports in 2007. Four of the leading products were mineral fuels; 8 were knitted and nonknitted apparel; and the remaining 13 were products that had already qualified for benefits under the original CBERA before the implementation of the CBTPA—methyl alcohol; pineapples; undenatured ethyl alcohol; polystyrene; frozen concentrated orange juice; new pneumatic radial tires; articles of jewelry; ethyl alcohol; cantaloupes; nonautomotive gaskets, washers, and seals; other sugar; raw sugar; and automatic circuit breakers. Textile and apparel imports under CBERA (including the CBTPA) are discussed in more detail below.⁷³

⁷⁰ (...continued)

FTAs are discussed in more detail in chap. 4 of this report.

⁷¹ For a description of the current level of economic development and some of the possible future trade and development strategies including the 18 remaining CBERA beneficiary countries, see USITC, *Caribbean Region: Review of Economic Growth and Development*, May 2008.

⁷² See previous note.

⁷³ See “Textile and Apparel Imports Under AGOA, ATPA, and CBERA” later in this chapter.

Textile and Apparel Developments in 2007

U.S. Textile and Apparel Imports in 2007⁷⁴

In 2007, U.S. imports of textiles and apparel totaled 53.1 billion SMEs (\$96.4 billion), an increase of 1.8 percent by volume and 3.4 percent by value over 2006. Similar to previous years, 2007 was characterized by a shift in U.S. textile and apparel imports from Central American and South American countries toward lower-priced Asian suppliers—primarily China, but also Indonesia, Bangladesh, Vietnam, and Cambodia (table 2.8). China's share of the U.S. import market expanded to 40.2 percent by volume in 2007, compared with 35.7 percent in 2006.

U.S. imports of textiles and apparel from Southeast Asian countries increased by approximately 2.6 percent in volume during 2007 to 5.9 billion SMEs (table 2.8). The largest part of the increase in these imports was from lower-priced suppliers in the region, namely Vietnam, Cambodia, and Indonesia. The volume of U.S. imports of textiles and apparel from these three countries during 2007 increased, respectively, by 31.2 percent (to 1.5 billion SMEs), 2.0 percent (to 887 million SMEs), and 1.6 percent (to 1.6 billion SMEs). However, while U.S. imports of textiles and apparel from Vietnam, Cambodia, and Indonesia increased by a sizable amount over the past several years, each country's share of the U.S. market remained relatively small. U.S. import volumes from India and Bangladesh continued to expand during 2007, while imports from Pakistan declined by more than 11 percent during the year. Nevertheless, these three countries combined accounted for 14.8 percent of the U.S. import market by volume in 2007.

U.S. imports of textiles and apparel from FTA and trade preference partners in the Western Hemisphere declined in 2007 from 2006 levels. In 2007, U.S. textiles and apparel imports from NAFTA, ATPA, CBERA, and CAFTA-DR countries fell by 15.5 percent, 8.8 percent, 2.5 percent, and 2.3 percent by volume, respectively.

U.S. imports of textiles and apparel from SSA countries increased by nearly 2 percent during 2007 to 346 million SMEs (\$1.3 billion), a slight turnaround compared to the 13 percent decrease during 2006. This overall increase can be attributed to increased imports from Madagascar and Kenya—two of the three largest SSA exporters of textiles and apparel to the United States. Textiles and apparel imports from Lesotho, the region's largest U.S. supplier, remained essentially unchanged in 2007. In 2007, 94 percent (327 million SMEs) of U.S. textile and apparel imports from SSA countries entered duty free under AGOA.

⁷⁴ The data in this section were compiled by USITC from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel (OTEXA). Most of the data included in this section are available on the OTEXA Website, <http://otexa.ita.doc.gov>. The percentage figures included in this section are based on unrounded SMEs.

TABLE 2.8 U.S. imports of textiles and apparel in 2007 by quantity, percentage change in imports 2006–07, and share of total U.S. imports of textiles and apparel, for major U.S. suppliers, selected regional groups, and the world

Country or region	U.S. imports 2007 Million SMEs ^a	Change in imports 2006–07 -----	Share of total U.S. textile and apparel imports	
			2006 -----Percent-----	2007
World.	53,112	1.8	100.0	100.0
China.	21,371	14.8	35.7	40.2
Pakistan.	3,173	-11.1	6.8	6.0
Mexico.	3,041	-11.2	6.6	5.7
India.	2,723	2.6	5.1	5.1
Korea.	1,953	-8.7	4.1	3.7
Canada.	1,913	-21.3	4.7	3.6
Indonesia.	1,625	1.6	3.1	3.1
Bangladesh.	1,555	4.0	2.9	2.9
Vietnam.	1,506	31.2	2.2	2.8
Honduras.	1,235	8.0	2.2	2.3
Taiwan.	1,134	-3.2	2.3	2.1
Thailand.	965	-5.1	2.0	1.8
Cambodia.	887	2.0	1.7	1.7
Southeast Asian countries ^b	5,906	2.6	10.1	11.1
Central American/Caribbean countries ^c	3,701	-2.5	8.2	7.0
Sub-Saharan African countries ^d	346	1.8	0.8	0.7
Andean countries ^e	240	-8.7	0.5	0.5

Source: U.S. Department of Commerce, Office of Textiles and Apparel, "Major Shippers Report."

^a Square meter equivalents.

^b Southeast Asian countries include ASEAN members Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand, Singapore, and Vietnam.

^c Central American/Caribbean countries include Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Nicaragua, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

^d Sub-Saharan African countries include AGOA participants: Angola; Benin; Botswana; Burkina Faso; Burundi; Cameroon; Cape Verde; Chad; Republic of Congo; Democratic Republic of Congo; Djibouti; Ethiopia; Gabon; The Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritius; Mozambique; Namibia; Niger; Nigeria; Rwanda; São Tomé and Príncipe; Senegal; Seychelles; Sierra Leone; South Africa; Swaziland; Tanzania; Uganda; and Zambia.

^e Andean countries are Bolivia, Colombia, Ecuador, and Peru.

U.S.-China Textile and Apparel Trade

During 2007, U.S. imports of textiles and apparel from China increased by \$5.3 billion to \$32.3 billion.⁷⁵ This increase is mainly attributed to a \$4.2 billion increase in U.S. imports of apparel from China. Major U.S. imports of apparel from China included knit sweaters, pullovers, and vests; knit babies' garments and accessories; and women's or girls' trousers and shorts. Major U.S. imports of textiles from China include certain made-up textiles articles, bedding articles, and curtains. Of the total U.S. textile and apparel imports from China in 2007, \$22.7 billion were imports of apparel and \$9.6 billion were imports of textiles.

In 2007, 34 categories of textiles and apparel products were subject to 21 quotas under the 2005 memorandum of understanding (MOU) between the United States and China,⁷⁶ which established quotas on U.S. imports of selected textile and apparel products from China from January 1, 2006 through December 31, 2008.⁷⁷ During 2007, quotas filled at an average rate of 61.9 percent. This represents a slight increase over 2006, when the average fill rate stood at 59.7 percent. In 2007, quota fill rates ranged from 93.2 percent for certain articles of hosiery to 3.3 percent for certain man-made fiber furnishings.⁷⁸

Textile and Apparel Imports Under AGOA, ATPA, and CBERA

The United States grants unlimited duty-free treatment to imports of textiles and apparel made from U.S. yarns and fabrics in eligible beneficiary countries under AGOA,⁷⁹ ATPA (as amended by ATPDEA),⁸⁰ and CBERA (as amended by the CBTPA).⁸¹ These programs also extend duty-free entry to apparel made in the beneficiary countries from "regional fabrics,"⁸² subject to a ceiling, or cap, on the quantity of such apparel that can enter free of

⁷⁵ USDOC, OTEXA, "Major Shippers Report: China." China is the largest supplier of textiles and apparel to the U.S. market, and, in 2007, accounted for 41.2 percent of the total U.S. trade deficit in textiles and apparel.

⁷⁶ For the purposes of the MOU, several categories of textile and apparel products (using the U.S. Textile and Apparel Category System) were grouped together and subject to the same quota. For example, for the period January 1, 2008, through December 31, 2008, products in categories 340 (men's and boys' cotton woven shirts) and 640 (men's and boys' man-made fiber woven shirts) are subject to the same restraint level of 8,724,590 dozen. "Memorandum of Understanding Between the Governments of the United States of America and the People's Republic of China Concerning Trade in Textile and Apparel Products," Nov. 8, 2005.

⁷⁷ Likewise, in June, 2005, China and the EU signed an MOU establishing quotas on 10 product categories of Chinese textile and apparel products, effective through December 31, 2007. The product categories included: pullovers, men's trousers, blouses, t-shirts, dresses, bras, flax yarn, cotton fabrics, bed linens, and table and kitchen linens. The quotas limited the export growth rates of these products to 8–12.5 percent annually. Upon the expiration of quotas in 2007, the EU and China established a program to jointly monitor Chinese exports of textiles and apparel to the EU through 2008, with a goal of avoiding market disruptions.

⁷⁸ U.S. Customs and Border Protection, http://www.cbp.gov/xp/cgov/import/textiles_and_quotas/textile_status_report/archived/2007_year_rpt/.

⁷⁹ 19 U.S.C. 3721(b)(1)-(3).

⁸⁰ Amending 19 U.S.C. 3202(e)(1)(B)(i).

⁸¹ Amending 19 U.S.C. 2703(b)(2)(A).

⁸² U.S. HTS heading 9819.11.09.

duty under each program. In addition, AGOA permits apparel made in LDBC⁸³ from third-country fabrics (made in countries other than the United States or SSA) to enter free of duty under the AGOA regional fabric cap.⁸⁴

In 2007, imports of textiles and apparel eligible for duty-free entry into the United States totaled \$1.3 billion (327 million SMEs) under AGOA, \$1.2 billion (177 million SMEs) under ATPA/ATPDEA, and \$927 million (481 million SMEs) under the CBERA/CBTPA.⁸⁵ For the first time since 2004, the volume of U.S. imports under AGOA increased slightly (2.8 percent). The volume of U.S. imports of textiles and apparel declined in 2007 under both ATPA/ATPDEA (14.0 percent) and CBERA/CBTPA (65.8 percent).

Textile and Apparel Imports under the Haitian Hemispheric Opportunity through Trade Partnership Encouragement (HHOPE) Act⁸⁶

The HHOPE Act of 2006 authorizes duty-free treatment to apparel made with inputs from any country, subject to certain requirements and an annual cap. On March 20, 2007, President Bush, in accordance with section 5002 of the HHOPE Act, issued a presidential proclamation indicating that Haiti had met these requirements, after which the special rules for Haiti went into effect.⁸⁷ Haiti began shipping apparel to the United States under the HHOPE Act beginning in the second half of 2007.

Section 5002 of the HHOPE Act amended section 213A(b) of CBERA (19U.S.C. 2703a(b)) to provide special rules for apparel imported directly from Haiti, a CBERA beneficiary,⁸⁸ for a 5-year period from the date of enactment (i.e., from December 20, 2006 to December 19, 2011).⁸⁹ These special rules for Haiti grant duty-free treatment to U.S. imports of apparel assembled or knit-to-shape in Haiti, regardless of the source of the fabric or other inputs used in production, provided that a specified percentage of the value of such apparel comes from processing in and/or inputs from Haiti, the United States, or any country with which

⁸³ LDBC with apparel benefits for 2007 were: Benin, Burkina Faso, Cameroon, Cape Verde, Chad, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Swaziland, Tanzania, Uganda, and Zambia. See the discussion of AGOA above. Botswana and Namibia are also eligible for the special rule, despite the fact that they are not least developed countries. The special rule for LDBC is to extend until September 2012.

⁸⁴ AGOA IV (see AGOA section above for additional information) increased the cap for apparel made from third-country fabric to 3.5 percent of U.S. apparel imported into the United States in the preceding 12-month period beginning October 1, 2006.

⁸⁵ USDOC, OTEXA, "Major Shippers Report (country groupings as indicated)." This figure includes U.S. imports that were eligible for benefits under HHOPE starting in March 2007.

⁸⁶ The Commission recently completed its study of the effects of the HHOPE Act on textile and apparel markets in Haiti, the United States, and countries with which the United States has a free trade agreement or preferential trade relationship in June 2008. The report concluded that the HHOPE Act likely benefited Haiti in terms of increased employment and increased exports over what might have occurred in the absence of the Act, but that the benefits were small, and that little additional investment in Haiti had taken place. The HHOPE Act only had negligible effects on the United States and its beneficiary countries, although there may be a very small positive effect on the Dominican Republic. See USITC, *Textiles and Apparel: Effects of Special Rules for Haiti on Trade Markets and Industries*.

⁸⁷ 72 Fed. Reg. 13655 (March 22, 2007).

⁸⁸ CBERA is discussed earlier in this chapter.

⁸⁹ On May 22, 2008, Congress passed (over veto) the Food, Conservation, and Energy Act of 2008 (Public Law No. 110-234), which amends the special rules for apparel and other textiles from Haiti in section 213A(b) of CBERA, including rules enacted in 2006 by the HHOPE Act. The legislation generally modified the rules and extended them through September 30, 2018.

the United States has an FTA or a preferential trading program.⁹⁰ The HHOPE Act also includes a single transformation rule for brassieres (HTS subheading 6212.10), in place for the duration of the Act, which allows for the components of these garments to be sourced from anywhere in the world, as long as the garments are both cut and sewn or otherwise assembled in Haiti, the United States, or both countries.

The HHOPE Act establishes an overall limit, or cap, on the total quantity of apparel imported under the above provisions in the first 1-year period to no more than 1 percent of the SMEs of all apparel articles imported into the United States in the most recent 12-month period for which data are available.⁹¹ In addition, the HHOPE Act extends duty-free treatment for three years to a specified quantity of woven apparel from Haiti (chapter 62 of the HTS) that does not meet the aforementioned value-added requirements. Such woven apparel must be wholly assembled in Haiti but can be made from inputs from any country. The quantity allowed under this provision of the HHOPE Act is in addition to the overall quantitative limit noted above for brassieres and woven and knit garments meeting the value-added rule.

In 2007, U.S. imports of textiles and apparel eligible for duty-free entry under the HHOPE Act totaled \$13.6 million (4.0 million SMEs), or 3 percent of total U.S. textile and apparel imports from Haiti.⁹² Overall U.S. imports of textiles and apparel from Haiti in 2007 decreased by 2 percent in terms of quantity over the previous year, from 252 million SMEs to 247 million SMEs, but rose in value over the previous year by less than 1 percent, to \$452 million, the smallest increase since 2000. Haiti is a small supplier to the United States, accounting for less than 0.5 percent of total U.S. apparel imports in 2007. Haiti became the leading supplier of apparel to the United States in the CBERA region after CAFTA-DR went into effect in 2006.⁹³

U.S. Textile and Apparel Imports under CAFTA-DR

In 2007, total U.S. imports of textiles and apparel from CAFTA-DR countries declined 6 percent by value to \$7.9 billion and by just under 1 percent by quantity to 222.7 million SMEs. U.S. imports of textiles and apparel entering under the CAFTA-DR accounted for 71 percent of total imports by value (\$5.6 billion)⁹⁴ from the CAFTA-DR countries in 2007, up from 39 percent of total imports in 2006. Honduras, the largest CAFTA-DR supplier of textiles and apparel, accounted for more than one-third of total U.S. imports of textiles and apparel from the CAFTA-DR countries (\$2.2 billion) entering under the FTA in 2007. El Salvador was the second largest CAFTA-DR exporter, supplying \$1.2 billion of textiles and

⁹⁰ Beginning from the date of enactment through the third 1-year period of the Act, the value-added requirement is 50 percent. In the fourth and fifth 1-year periods, the value-added requirement increases to 55 and 60 percent, respectively.

⁹¹ The cap is successively raised each year by the addition of 0.25 percent, for a final overall quantitative limit in the fifth and final 1-year period of 2 percent of total U.S. imports of apparel.

⁹² USDOC, OTEXA, "Major Shippers Report (country groupings as indicated)." U.S. imports were eligible for benefits under the HHOPE Act beginning in March 2007.

⁹³ Upon entry into force of CAFTA-DR, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua were no longer eligible for CBERA benefits. Although Costa Rica has not yet ratified the CAFTA-DR, for the purposes of this section U.S. apparel trade with Costa Rica is included in the CAFTA-DR grouping rather than the CBERA grouping. CAFTA-DR is described in more detail in chap. 4 of this report.

⁹⁴ U.S. import data from CAFTA-DR countries entered under that agreement are not yet publicly available by quantity from the U.S. Department of Commerce.

apparel to the United States. Products leading U.S. imports of textiles and apparel under CAFTA-DR included cotton knit shirts and blouses, cotton underwear, and cotton trousers and slacks.

During 2007, the United States reached agreement with the five signatory countries on modification of certain rules of origin pertaining to CAFTA-DR, but the modifications have not been implemented. The modification required that pocketing fabrics be made in the CAFTA-DR region; established single transformation rules for additional apparel items such as women's wool anoraks, women's and girls' ensembles, and certain men's suit-type jackets; reduced tariffs on certain non-originating items; changed the Costa Rica wool tariff preference level (TPL); created a separate TPL for certain women's swimwear from Costa Rica; and changed the rules on cumulation for wool apparel. After meeting certain statutory layover and review requirements, including receipt of USITC advice, the President issued a proclamation on December 27, 2007, to revise CAFTA-DR rules of origin.⁹⁵

On August 21, 2007, the Committee for the Implementation of Textile Agreements (CITA) initiated a textile safeguard proceeding to determine whether imports of Honduran cotton, wool, or man-made fiber socks are causing serious damage, or actual threat thereof, to the U.S. industry producing socks.⁹⁶ On January 18, 2008, as provided for under Article 3.23 of CAFTA-DR, CITA formally advised Honduras of its intent to apply a textile safeguard measure on imports of Honduras-origin cotton socks because of the substantial growth (99 percent) in imports of these products from Honduras in the first eleven months of 2007 over the previous year.⁹⁷

⁹⁵ Proclamation 8213, 72 Fed. Reg. 73555 (December 27, 2007).

⁹⁶ 72 Fed. Reg. 46611(August 21, 2007).

⁹⁷ USDOC, International Trade Administration, "Administration Announces Intent to Apply Safeguard on Cotton Socks from Honduras," News release, January 18, 2008.

CHAPTER 3

Selected Trade Developments in the WTO, OECD, and APEC

During 2007, multilateral trade negotiations underway in the Doha Development Agenda resumed in February but stalled again in June over the issue of establishing full negotiating modalities for liberalizing agricultural market access, agricultural support payments, and nonagricultural market access. In regular WTO General Council proceedings, key developments included the council's regular reviews concerning Aid for Trade measures, China's commitments made in its WTO Protocol of Accession under the Transitional Review Mechanism, and U.S. maritime legislation widely known as the Jones Act legislation.

In a major development in the OECD, new rules under the Aircraft Sector Understanding came into effect in July 2007 regarding aircraft financing provisions annexed to the 1978 OECD Export Credit Arrangement.

In APEC developments, ministers formulated a new Action Agenda following their annual ministerial meeting in September, aimed at promoting energy efficiency and environmental protection among member states, and also pushed forward the group's Bogor Goals of free and open trade in the region through several initiatives agreed upon in APEC's Committee on Trade and Investment.

World Trade Organization

The Trade Negotiations Committee (TNC), chaired by the WTO Director-General Pascal Lamy, held one formal meeting during the year, on June 22, 2007, as well as a number of informal meetings.¹ Despite the resumption of negotiations in February 2007, Lamy in June 2007 called together participants in the Doha Development Agenda (DDA) of multilateral trade negotiations to announce that the trade talks had reached an impasse over how to approach the negotiating structure or "modalities" that aim at liberalizing agricultural market access, agricultural support payments, and nonagricultural market access, essentially the same issues that led to suspension of the talks in 2006.

During 2007, the WTO General Council met five times, plus a meeting in November dedicated to its annual debate on Aid for Trade.² In addition to its debate of Aid for Trade measures for developing and least developed countries, council activity also addressed small and vulnerable economies, special and differential treatment for developing countries, and several regular reports including the biennial report by the United States regarding its so-

¹ The TNC met informally January 31, April 20, June 22, and November 30, 2007.

² The General Council met February 7, May 9, July 27, October 9, and December 18, with the Aid for Trade debate occurring November 21, 2007.

called Jones Act legislation and the annual report by China under the Transitional Review Mechanism regarding commitments made by China under its WTO accession protocol.

Doha Trade Negotiations

Negotiations Resumed in February 2007

WTO Director-General Lamy reported to the WTO General Council on February 7, 2007, that the DDA negotiations had resumed (the negotiations had been suspended in July 2006).³ The suspension resulted from the inability of participants to agree on setting full negotiating modalities for several key areas, notably agriculture and nonagricultural market access.⁴ As he first related to participants at an informal meeting of the TNC on January 31, 2007, Lamy reported that recent high-level contacts—such as at the World Economic Forum held in Davos, Switzerland, January 24–28, 2007—pointed to signs of renewed commitment to resuming the Doha Round negotiations and that participants indicated flexibility in their negotiating positions.⁵ He said that bilateral contacts among WTO members had been intensifying, but that these were not a substitute for multilateral negotiations.⁶

On April 20, 2007, the Director-General, in his capacity as TNC chairman, reported to the TNC that he welcomed the meetings among members of such groups as the G-4 and G-6,⁷ held in New Delhi, India, April 11–12, 2007, but reiterated that the broader multilateral negotiations in Geneva, Switzerland, should not be made to wait on decisions taken by smaller groupings of participants.⁸ He reported that the chairmen of the negotiating groups in Geneva were working toward revised texts in their individual subjects, and asked that participants show flexibility in their positions as this process moved forward, particularly concerning setting modalities for negotiations in agriculture and nonagricultural market access.⁹

At the General Council meeting held May 9, 2007, Lamy reported that the chairman of the Committee on Agriculture Special Session had issued a paper outlining possible areas of commonality regarding the “three pillars” under discussion that address import market

³ WTO, General Council, “Minutes of Meeting ... on 7 February 2007,” WT/GC/M/107, March 19, 2007.

⁴ WTO, “WTO: 2007 News Items: General Council: Lamy: ‘We Have Resumed Negotiations Fully Across the Board,’” February 7, 2007.

⁵ WTO, TNC, “Informal TNC Meeting at the Level of Head of Delegation—Wednesday, 31 January 2007—Chairman’s Remarks,” JOB(07)/12, February 1, 2007; USDOS, U.S. Mission, Geneva, “TNC Meeting—Doha Restart (Geneva 000255),” February 2, 2007, par. 1; U.S. Department of State, U.S. Mission, Geneva, “February WTO General Council Meeting Confirms Relaunch of Trade Round (Geneva 000331),” February 9, 2007, par. 2.

⁶ U.S. Department of State, U.S. Mission, Geneva, “February WTO General Council Meeting Confirms Relaunch of Trade Round (Geneva 000331),” February 9, 2007, par. 2.

⁷ The G-4 group comprises Brazil, the EU, India, and the United States. The G-6 group comprises Australia, Brazil, EU, India, Japan, and the United States.

⁸ WTO, TNC, “Informal TNC Meeting At the Level of Head of Delegation—Friday, 20 April 2007—Chairman’s Remarks,” JOB(07)/51, April 20, 2007; U.S. Department of State, U.S. Mission, Geneva, “WTO Trade Negotiations Committee, April 20, 2007 (Geneva 001023),” April 25, 2007, par. 1–2.

⁹ U.S. Department of State, U.S. Mission, Geneva, “WTO Trade Negotiations Committee, April 20, 2007 (Geneva 001023),” April 25, 2007, par. 2.

access, export competition, and domestic support. The Director-General reported as well that intensive consultations were to begin immediately to assist the chairman of the Negotiating Group on Market Access in drafting a revised negotiating text for his group.¹⁰

G-4 Meetings at Potsdam

Trade and agriculture ministers from the G-4 members met in Potsdam, Germany, June 19-21, 2007, in an effort to reach convergence in negotiating positions regarding agriculture, nonagricultural market access, and services. During discussions on June 20, 2007, concerning the formula to be used by the more advanced developing countries to reduce tariffs, the U.S. State Department reported that Brazil—endorsed by India—reiterated its “uncompromising position” that very few of the current tariffs on manufactured goods imports would be reduced.¹¹ Negotiations continued only partly into June 21, 2007, before being adjourned.

According to the U.S. State Department, the position taken by the United States was to seek meaningful creation of new trade flows, a situation not possible if currently applied tariffs on trade in industrial products were not reduced.¹² The United States issued a statement on June 21, 2007, expressing its disappointment at the outcome of the negotiations at Potsdam, saying that the talks did not generate the political consensus necessary to meaningfully open markets to new trade, particularly for manufactured goods.¹³

The EU stated that a strong outcome in negotiations on nonagricultural market access (NAMA)—such as reductions in tariffs on industrial goods in large emerging markets like Brazil and India—was a necessary condition for further EU flexibility in opening up its agricultural market.¹⁴ The EU negotiator, Peter Mandelson, said that Europe was “prepared to pay a lot” but not “for next to nothing in return.”¹⁵ He went on to say: “It emerged from the [G-4] discussion on NAMA that we would not be able to point to any substantive or commercially meaningful changes in the tariffs of the emerging economies as a reasonable return on what we are paying into the round.”¹⁶

Indian officials attributed the breakdown in the G-4 Potsdam talks to “the failure of the developed countries to accept effective reductions in their agricultural subsidies and at the

¹⁰ WTO, General Council, “Minutes of Meeting ... on 9 May 2007,” WT/GC/M/108, June 26, 2007; U.S. Department of State, U.S. Mission, Geneva, “WTO General Council, May 9, 2007 (Geneva 001216),” May 16, 2007, par. 2–4.

¹¹ *Ibid.*

¹² *Ibid.*, par. 4–5.

¹³ USTR, “Statement from USTR Ambassador Susan C. Schwab and USDA Secretary Mike Johanns on Doha Round,” June 21, 2007; U.S. Department of State, Washington, DC, “Guidance on WTO Doha Round (State 087141),” June 21, 2007, par. 2-6. For details concerning tariff formula modalities under negotiation at Potsdam, see ICTSD, “G-4 Talks in Potsdam Break Down, Doha Round's Fate in the Balance Once Again,” June 27, 2007.

¹⁴ U.S. Department of State, Washington, DC, “Reporting Cable—Potsdam G-4 Meeting on WTO Doha Negotiations (State 087923),” June 23, 2007, par. 4.

¹⁵ European Commission, Directorate General for Trade, Information Centre, “Potsdam G4 Meeting Ends with No Agreement on Industrial Tariff Cuts,” June 21, 2007.

¹⁶ *Ibid.*

same time, seeking additional market access in the developing countries for their [the developed countries'] agricultural products, including for their highly subsidized ones."¹⁷

Negotiations Suspended in June 2007

WTO Director-General Lamy convened an informal TNC meeting in Geneva on June 22, 2007, to discuss the impasse reached at the Potsdam talks and what should be the next key steps in the Doha Round multilateral trade negotiations.¹⁸ The EU representative reported to the TNC that the EU considered that the Potsdam talks made real progress concerning agricultural market access, export competition, and subsidized domestic support payments, as well as substantive progress about services and concerning multilateral trade rules (such as under discussion in the Negotiating Group on Rules).¹⁹ However, he noted that the EU was at the limit of what it can offer on agricultural market access without further opening from the more advanced developing countries on nonagricultural market access.²⁰

Brazil said that the Potsdam negotiations failed because the developed countries were trying to change the development mandate of the DDA toward trade negotiations focused on market access, where developing countries would make tariff cuts that would result in greater market access in their markets than would result in developed countries' markets.²¹ India said that the differences at Potsdam were too wide to bridge, largely reflecting differences between developed and developing countries over the meaning of the development agenda and how to give effect to the economic development factors that are the focus of the DDA.²² South Africa, another major G-20 member, although not present at the Potsdam negotiations, said that under the current NAMA positions in the round the United States and EU were asking developing countries to make tariff cuts that "would have devastating effects on their industrial production and employment."²³ A number of countries called for more transparency and inclusion in the negotiations process, reflecting the fact that only four participants were in negotiations at Potsdam.²⁴

The United States also addressed the meeting, stating that the developed countries have the largest responsibility to open their markets to the goods and services of the developing countries, but that the fastest growing markets over the coming 5 to 10 years would be in the

¹⁷ Government of India, Ministry of Commerce and Industry, Department of Commerce, "Why G4 Talks Broke Down in Potsdam," June 22, 2007.

¹⁸ WTO, TNC, "Informal TNC Meeting At the Level of Head of Delegation—Friday, 22 June 2007—Chairman's Opening Remarks," JOB(07)/105, June 22, 2007; U.S. Department of State, U.S. Mission, Geneva, "WTO Trade Negotiations Committee Meeting, June 22, 2007 (Geneva 001650)," June 25, 2007, par. 1–4.

¹⁹ U.S. Department of State, Washington, DC, "Reporting Cable—Potsdam G-4 Meeting on WTO Doha Negotiations (State 087923)," June 23, 2007, par. 4.

²⁰ *Ibid.*

²¹ U.S. Department of State, U.S. Mission, Geneva, "WTO Trade Negotiations Committee Meeting, June 22, 2007 (Geneva 001650)," June 25, 2007, par. 5–11.

²² *Ibid.*, par. 6.

²³ *Ibid.*, par. 10.

²⁴ *Ibid.*, par. 11.

more advanced developing countries, and that therefore these advanced developing countries should make more significant contributions than in the past.²⁵

October 2007 General Council and TNC Meetings

On October 9, 2007, the Director General reported to the WTO General Council that the chairmen of the Committee on Agriculture Special Session and the Negotiating Group on Market Access were working toward sufficient convergence in each group to be able to draft revised negotiating texts.²⁶ He reported that the chairmen for the groups negotiating services and rules would be issuing revised texts at approximately the same time.²⁷ On October 30, 2007, the chairmen of the various Doha Round negotiating groups presented their progress reports to the TNC chairman.

November 2007 TNC Meeting

On November 30, 2007, Lamy held an informal TNC meeting in Geneva to review the status of the various areas in the negotiations.²⁸ On agriculture, he noted that progress had been made in the final months of 2007 concerning export competition, but that more work was still needed concerning agricultural market access and domestic support in order to reach a convergence that would allow the group to establish negotiating modalities in this area. On nonagricultural market access, he said that progress toward clarifying certain areas was reported by the group's chair, but that further technical work appeared necessary for certain other issues.

On services, Lamy said that the group chairman had held a number of consultations on elements pertinent to producing a revised draft of a negotiating text for services, although the chairman reported that some delegates have questioned the need for such a revised text. While he reported that some progress had been made toward drafting a services text concerning disciplines on domestic services regulation, little progress was reported regarding other rulemaking issues in the services negotiations such as on emergency safeguards, subsidies, and government procurement.

In the rules negotiating group, the chairman released a revised draft text on November 30, 2007, addressing antidumping, subsidy, and countervailing measures, including fishery subsidies.

In the negotiating group on intellectual property rights, the chairman reported some new ideas had been put forward and discussed recently, and that consultations and discussions continue in an effort to close gaps in negotiating positions among delegations, especially on

²⁵ Ibid., par. 22-23.

²⁶ WTO, General Council, "Minutes of Meeting ... on 9 October 2007," WT/GC/M/110, November 15, 2007; U.S. Department of State, U.S. Mission, Geneva, "WTO General Council Meeting, October 9, 2007 (Geneva 002406)," October 22, 2007, par. 2.

²⁷ U.S. Department of State, U.S. Mission, Geneva, "WTO General Council Meeting, (Geneva 002406)," par. 2.

²⁸ WTO, "Informal TNC Meeting at the Level of Head of Delegation, Friday, 30 November 2007, Chairman's Opening Remarks," Job(07)/191, November 30, 2007.

issues regarding the legal effects of and participation in any register created to cover geographical indications.

On trade and environment, it was reported that members had recently begun work on elements of the relationship between WTO rules and specific trade obligations of multilateral environmental agreements (MEAs).²⁹ A draft text regarding cooperation between the WTO Secretariat and MEA secretariats was reported to be well advanced. However, discussions on identification of products that could qualify as environmental goods under paragraph 31 were held up over how to approach this part of the group's mandate, reportedly stymied in part by several participants until modalities are first agreed upon in the agriculture and nonagricultural market access groups.

On trade and development, the group chairman reported that discussions were continuing on draft texts for 7 of the 16 remaining agreement-specific proposals. He said that participants were addressing specifically the possible elements of a monitoring mechanism for special and differential treatment.

On trade facilitation, progress was reported in the areas of special and differential treatment, as well as technical assistance and capacity building, with efforts forthcoming to address the area of needs assessment. The chairman reported that efforts to produce a draft text had recently intensified.

On dispute settlement, although a subject not technically bound to the "single undertaking" of the DDA, the group chairman said that further consultations were underway on the various legal texts submitted to date in an effort to reach convergence within the group.

In conclusion, Lamy reported on the topics of extending negotiations on geographical indications beyond wine and spirits, and the relationship of the TRIPS Agreement to the United Nations' Convention on Biological Diversity. Proposals by some participants to commit to negotiations in these two areas have to date met with opposition from other members and, as a consequence, he said that consultations continue in an effort to find common ground.

General Council

During 2007, the General Council heard periodic reports on the Doha Round trade negotiations as well as about ongoing work programs; considered waivers and exemptions involving various members' changes to their tariff schedules arising from changes in Harmonized System (HS) nomenclature, as well as involving trade preferences approved for various groups of developing and least developed countries; and concluded the biennial review of the U.S. exemption concerning certain foreign maritime vessels (commonly known as "the Jones Act" exemption). Several Latin American members continued to voice their concerns to the council regarding preferential treatment granted by the EU to certain developing countries under the EU banana regime.

²⁹ WTO, "Ministerial Declaration," WT/MIN(05)/DEC, December 22, 2005, par. 31.

Work Programs, Decisions, and Reviews

Transparency for preferential trade arrangements

In July 2007, the chairman of the Committee on Trade and Development (CTD) reported on informal consultations held concerning the WTO Decision with Regard to Transparency for Preferential Trade Arrangements, adopted by the General Council in December 2006.³⁰ The CTD noted in July 2007 that Brazil and India had indicated that they were near completion of a working paper containing suggested elements for members' notifications of preferential trade arrangements, and requested additional time to consider the matter. The council agreed to extend the deadline to the end of 2007, when the CTD was to report back on possible action.³¹ In December 2007, the committee requested additional time to consider its task, and the council extended the deadline for recommendations until July 2008.³²

TRIPS Council matters

In December 2007, the General Council agreed to extend the acceptance period until December 31, 2009, for the 2003 protocol amending the TRIPS Agreement concerning public health matters. The extension allows additional time for members to implement the WTO Decision on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health that was adopted by the General Council in August 2003, and which is to enter into force upon acceptance by two-thirds of the WTO members.³³

Small economies

The CTD met formally in July 2007, as well as informally in February and May, to discuss issues concerning small and vulnerable economies (SVEs),³⁴ while individual SVE members met more frequently in bilateral and multilateral consultations to coordinate positions on issues of interest in various Doha Round negotiating groups.³⁵

³⁰ With the adoption of the decision in December 2006, the council tasked the committee to consider, without prejudice concerning the adopted decision, the issue of transparency for preferential trade arrangements under the “Enabling Clause,” the 1979 WTO Decision on Differential and More Favorable Treatment, Reciprocity, and Fuller Participation of Developing Countries. The CTD was asked to report back to the council in six months. WTO, General Council, “Minutes of Meeting ... on 27 July 2007,” WT/GC/M/109, October 24, 2007, par. 96.

³¹ WTO, General Council, “Minutes of Meeting ... on 27 July 2007,” WT/GC/M/109, October 24, 2007, par. 97, 100.

³² WTO, Committee on Rules of Origin, “Technical Issues to Be Resolved in the Committee On Rules of Origin Harmonization Work Programme—Note by the Secretariat,” G/RO/W/113, March 4, 2008.

³³ WTO, General Council, “Annual Report (2007),” WT/GC/114, January 21, 2008.

³⁴ The SVE members include Barbados, Fiji, Nicaragua, St. Vincent and the Grenadines, and the Solomon Islands.

³⁵ In early 2002, the General Council approved as a standing item on the council’s agenda a work program that was to address the special needs of SVEs. The council designated the CTD to meet in dedicated session on the subject and report regularly to the council on progress made. At the WTO Sixth Ministerial Conference in Hong Kong in December 2005, ministers instructed the CTD to continue this work program, monitoring the progress of the SVEs’ proposals in the Doha Round and elsewhere. In December 2006, the chairman of the CTD in Dedicated Session reported to the council on future directions involving the work program. WTO, General Council, “Minutes of Meeting ... on 9 October 2007,” WT/GC/M/110, November (continued...)

The SVEs focused on negotiations on agriculture, nonagricultural market access, trade facilitation, and trade in services, particularly concerning domestic services regulation. The group focused in particular on several subsidies issues, one concerning fisheries subsidies in the DDA Negotiating Group on Rules, and another in the WTO Committee on Subsidies and Countervailing Measures (SCM) regarding the July 2007 council decision to extend the transition period for eliminating export subsidies under SCM Article 27.4 (see below for further detail).³⁶

Special and differential treatment

Ministers at the December 2005 WTO Ministerial Conference in Hong Kong instructed the Committee on Trade and Development in Special Session (CTDSS) to (1) review all the outstanding proposals specific to particular WTO agreements, and report to the council with recommendations for a decision on these proposals; (2) consider the so-called Category II proposals (those not agreement-specific) that had been referred to other WTO bodies; (3) coordinate the CTDSS efforts with these other bodies; and (4) resume work on all other outstanding issues including crosscutting issues, a monitoring mechanism for special and differential (S&D) treatment provisions, as well as ways to incorporate these provisions more effectively into WTO rules.³⁷

In 2007, the chairman of the CTDSS reported to the General Council on the status of progress made, highlighting five key points.³⁸ These concerned (1) progress made in revising 6 and possibly 7, of the 16 agreement-specific proposals;³⁹ (2) an impasse reached concerning the remaining nine proposals;⁴⁰ (3) some progress identifying elements for a monitoring mechanism to be focused on more effective implementation of S&D provisions under WTO rules;⁴¹ (4) continued coordination with other WTO bodies regarding Category II proposals;⁴² and (5) continued discussion of a decision on duty-free quota-free market access for least developed country members, including a new submission on rules of origin and another on market access recently submitted by these least-developed countries.

³⁵ (...continued)
15, par. 32.

³⁶ WTO, General Council, "Minutes of Meeting ... on 9 October 2007," WT/GC/M/110, November 15, 2007, par. 57.

³⁷ WTO, General Council, "Minutes of Meeting ... on 9 May 2007," WT/GC/M/108, June 26, 2007, par. 29.

³⁸ Ibid.

³⁹ These revisions covered one proposal addressing Article XVIII of the GATT, two proposals relating to Article 10.3 of the Agreement on Sanitary and Phytosanitary Standards (SPS Agreement), and three proposals concerning Article 3.5 of the Agreement on Import Licensing Procedures. Consultations continued on a seventh related to Article 10.2 of the SPS Agreement. WTO, Trade Negotiations Committee, "Minutes of Meeting ... on 26 July 2007," TN/C/M/27, October 30, 2007, par. 51.

⁴⁰ As a consequence, the CTDSS chairman said it foresaw no further action likely on these proposals for the time being. WTO, General Council, "Minutes of Meeting ... on 9 May 2007," WT/GC/M/108, June 26, 2007, par. 29.

⁴¹ Ibid., Annex III.

⁴² However, the chairman remarked that it was "his sense that there had been no significant development on these proposals." WTO, Trade Negotiations Committee, "Minutes of Meeting ... on 26 July 2007," TN/C/M/27, October 30, 2007, par. 53.

The CTDSS chairman stated that elements of a package on S&D treatment were likely to include (1) the agreement-specific proposals on which the group had reached agreement in special session; (2) the 28 agreement-specific proposals that had been agreed to in principle before the September 2003 WTO Ministerial Conference in Cancun, Mexico;⁴³ and (3) a possible framework for a monitoring mechanism.

Harmonization of nonpreferential rules of origin

The Committee on Rules of Origin continued its work on the harmonization of nonpreferential rules of origin, seeking to complete negotiations on an overall agreement, core policy issues, and technical matters by the end of 2007.⁴⁴

In July 2007, the committee chairman reported an impasse regarding the application of value-added rules of origin to the machinery sector, which some members supported while others opposed. As a consequence, the chairman proposed the adoption of a two-rule system for 607 tariff lines for machinery (HS Chapters 84 to 90), with each member notifying its choice to the WTO. Although some members supported the two-rule proposal as pragmatic, others expressed concern that the complex and costly mechanisms that would be needed to track the origin of imports under the proposed rule would be an unjustifiable cost in comparison to the benefits gained.

Opponents also pointed out that the two-rule system could prove problematic in trade remedy situations, unless and until the Negotiating Group on Rules concluded negotiations with respect to a decision on anticircumvention of trade remedy import duties. Proponents expressed the view that the 12 years of negotiations in the Committee on Rules of Origin had accomplished a great deal toward developing harmonized rules of origin for nonpreferential trade, completing the main technical work on all products from HS Chapters 1 to 96 and covering more than 6,000 tariff lines, although all agreed that further technical work was needed.⁴⁵

Given the impasse reached over the two-rule approach for machinery as well as its possible implications in trade remedy situations, the committee chairman proposed to the General Council that the committee (1) continue consultations with the council; (2) suspend work

⁴³ WTO, General Council, “Minutes of Meeting ... on 9 May 2007,” WT/GC/M/108, June 26, 2007, par. 29, Annex I.

⁴⁴ WTO, General Council, “Minutes of Meeting ... on 27 July 2007,” WT/GC/M/109, October 24, 2007, par. 78. Under a mandate from the Uruguay Round Agreements, the Committee on Rules of Origin has pursued a work program directed at the harmonization of nonpreferential rules of origin. In July 2002, the committee reported 94 core policy issues to the General Council for discussion and decision, with the council instructing the committee to continue work toward an agreement. In February 2008, the committee issued a revision of its draft consolidated text of non-preferential rules of origin that had been reached to date, reflecting committee discussions through October 2007. In March 2008, the WTO Secretariat issued a text containing the technical issues to be resolved in an effort to focus attention on how to move forward with the harmonization program. WTO, Committee on Rules of Origin, “Draft Consolidated Text of Non-preferential Rules of Origin—Harmonization Work Programme—Note by the Secretariat—Revision,” G/RO/W/111/Rev.1, February 25, 2008; WTO, Committee on Rules of Origin, “Technical Issues to Be Resolved in the Committee On Rules of Origin Harmonization Work Programme—Note by the Secretariat,” G/RO/W/113, March 4, 2008.

⁴⁵ WTO, General Council, “Minutes of Meeting ... on 27 July 2007,” WT/GC/M/109, October 24, 2007, par. 79–80.

on the two points at issue about the two-rule approach and its trade remedy implications until the council can provide further guidance; and (3) continue work on technical questions toward a possible agreement as part of regular committee work.⁴⁶

The chairman also remarked that during a meeting of the World Semiconductor Council, committee members found consultations with industry useful regarding development of rules of origin for semiconductors and, as a result, the chairman indicated an intent to open similar private sector consultations regarding the three machinery product categories of consumer electronics, household appliances, and heavy machinery.⁴⁷

Aid for Trade

In 2007, the General Council moved forward with its Aid for Trade (AFT) initiative, launched in 2006. Following direction from trade ministers at the December 2005 WTO Ministerial Conference in Hong Kong, the WTO Director-General established the Aid for Trade Task Force in February 2006. The task force was to examine ways to assist developing and, in particular, the least developed countries in building their supply-side trade capacity and trade-related infrastructure to help them better implement the WTO Agreements and thereby expand their exports of goods and services.⁴⁸

In 2006, the AFT Task Force issued its recommendations for an Enhanced Integrated Framework (EIF). Discussions among agencies and countries participating in the Integrated Framework (IF)⁴⁹ led to the formal launch of the EIF in May 2007.⁵⁰ Also in 2006, the task force proposed recommendations regarding strengthening the linkages for trade assistance between donors and recipients, including a monitoring and evaluation system.

⁴⁶ Ibid., par. 80.

⁴⁷ Ibid., par. 81.

⁴⁸ WTO, Aid for Trade Task Force, “Communication from the Chairman of the Integrated Framework Task Force—Draft Recommendations of the Task Force on an Enhanced Integrated Framework (25 May 2006),” WT/AFT/W/16, June 2, 2006. In May 2006, the AFT Task Force reported to the General Council its “Draft Recommendations Of The Task Force On An Enhanced Integrated Framework,” and in July 2006 issued its “Recommendations Of The Task Force On Aid For Trade.”

⁴⁹ The IF was established in October 1997 as a technical assistance fund to help the least developed countries in matters concerning trade-related development. The IF is managed by six major multilateral economic institutions—the IMF, United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme, World Bank, WTO, and the UNCTAD/WTO joint technical cooperation agency, the International Trade Centre.

⁵⁰ USTR, 2008 *Trade Policy Agenda and 2007 Annual Report*, March 1, 2008. In July 2006, the Task Force also proposed recommendations to strengthen country and regional needs assessments, donor response, the nexus between coordinating trade assistance needs raised by countries and regions and the response by donors to those needs, as well as a proposal to establish a monitoring and evaluation body for these AFT projects. WTO, Aid for Trade Task Force, “WTO Work Programme on Aid-for-Trade—Background Note Prepared by the WTO Secretariat,” WT/AFT/W/26, May 29, 2007, par. 11. The council adopted the recommendations in October 2006 and, in December 2006, the Director-General suggested that the Committee on Trade and Development undertake periodic reviews of progress as a means to monitor AFT projects in order to keep WTO Members informed. WTO, Committee on Trade and Development, “First Session on Aid for Trade—Note on the Meeting of 2 April 2007,” WT/COMTD/AFT/M/1, May 18, 2007, par. 3.

In April 2007, the CTD chairman in conjunction with the WTO Secretariat proposed a tentative monitoring and evaluation regime at three levels: (1) a global picture of financial flows assembled each year in cooperation with the OECD; (2) a donor self-evaluation that details AFT activities carried out by its development agencies; and (3) a country assessment to provide country-specific views on trade and financial needs.⁵¹

In November 2007, the General Council held its first annual Global Aid for Trade session to review this monitoring and evaluation project, as well as to chart a future course for the AFT work program.⁵² The review concluded that progress was made on a monitoring system during 2007, the program's initial year. Following three regional AFT seminars held in 2007, members noted that a greater emphasis on country and regional monitoring might be useful, as well as an evaluation of the actual impact of AFT projects, rather than focus solely on AFT financial flows.⁵³ Other conclusions from the regional seminars led to proposals to encourage countries and regions to map out their key priorities and constraints, and to develop country and regional action plans that devise AFT networks that could help set priorities and develop plans, develop guidance to assess results, and implement follow-up plans.⁵⁴

Cotton initiative

In December 2007, the WTO Director-General updated the General Council on his work concerning development assistance aspects regarding cotton. Following the December 2003 WTO Ministerial Conference in Cancun, Mexico, consultations between the Director-General and members led to a cotton initiative aimed at addressing issues raised about domestic agricultural support payments to cotton producers in the developed countries that affect unsubsidized cotton production in and exports from least developing countries, in particular, from the four sub-Saharan Africa countries of Benin, Burkina Faso, Chad, and Mali. The General Council subsequently tasked the Director-General in 2004 to pursue these consultations. In 2007, the Director-General reported that the WTO Secretariat would begin monitoring development assistance aspects of domestic cotton sector reforms, but that

⁵¹ WTO, Committee on Trade and Development, "First Session on Aid for Trade—Note on the Meeting of 2 April 2007," WT/COMTD/AFT/M/1, May 18, 2007, par. 4–5. The CTD focused on a monitoring capability in conjunction with the OECD; trade facilitation and standards and testing, with contributions from the World Bank, World Customs Organization, OECD, Food and Agriculture Organization of the United Nations, World Organization for Animal Health ("OIE"), and the WTO; trends in trade-related infrastructure in conjunction with the World Bank, Japan, the EU, and the OECD; building productive capacity and assistance for adjustment, trade diversification, and competitiveness, in conjunction with the United States Agency for International Development, United Nations Industrial Development Organization, UNCTAD/WTO ITC, and the IMF; as well as reports and recommendations arising out of three regional reviews held in September and October 2007 for the Latin American and Caribbean region, one for the Asia-Pacific region, and one for the Africa region, in conjunction with the Inter-American Development Bank, Asian Development Bank, African Development Bank, and the United Nations Economic Commission for Africa. WTO, General Council, "Minutes Of Meeting ... on 21 November 2007—Annual Debate On Aid For Trade—21 November 2007," WT/GC/M/111, December 18, 2007, Annex 1.

⁵² WTO, General Council, "Minutes Of Meeting ... on 21 November 2007—Annual Debate On Aid For Trade—21 November 2007," WT/GC/M/111, December 18, 2007.

⁵³ *Ibid.*, par. 6.

⁵⁴ *Ibid.*, par. 8.

agreement on an adjustment mechanism regarding income declines in the cotton sector has to date remained elusive.⁵⁵

Annual Review of China's Protocol of Accession to the WTO

In December 2007, the General Council held its annual review of China's implementation of the WTO Agreement under the provisions of China's WTO Protocol of Accession. The council conducted the review under the Transitional Review Mechanism, based on information provided by China as well as on reports submitted by a number of subsidiary WTO bodies.⁵⁶

Biennial review of U.S. Jones Act legislation

GATT 1994, paragraph 3(a), provides the United States with an exemption from certain GATT obligations for measures taken under legislation existing prior to the GATT 1947 that prohibit the use, sale, or lease of foreign-built or foreign-reconstructed vessels in commercial applications between points in national waters or waters of an exclusive economic zone (so-called cabotage). The biennial review of the operation of this legislation, commonly known in the United States as the "Jones Act," was held in February 2007, with further clarification provided in December 2007, based on the annual report provided by the United States.⁵⁷

Draft decision on Article 27.4 of the Agreement on Subsidies and Countervailing Measures

Article 27.4 of the WTO SCM Agreement states that certain developing country members designated in the agreement⁵⁸ are to phase out their export subsidies within eight years of the establishment of the WTO, that is, by year-end 2003.⁵⁹ Countries seeking to apply such subsidies beyond 2003 were required to request an extension from the SCM Committee. In 2001, the committee agreed on procedures for these requests that would extend the phase-out period through 2007,⁶⁰ with the possibility at that time of seeking to continue the extension.⁶¹

⁵⁵ WTO, General Council, "Annual Report (2007)," WT/GC/114, January 21, 2008.

⁵⁶ Ibid.

⁵⁷ WTO, General Council, "Minutes of Meeting ... on 7 February 2007," WT/GC/M/107, March 19, 2007; WTO, General Council, "Minutes of Meeting ... on 18 December 2007," WT/GC/M/112, March 4, 2008.

⁵⁸ The designated developing country members were Bolivia, Cameroon, Congo, Côte d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka, and Zimbabwe, countries whose GNP per capita had not reached \$1,000 per annum in 1995 when the WTO was established.

⁵⁹ WTO, Agreement on Subsidies and Countervailing Measures, "Annex VII," 1995.

⁶⁰ WTO, Committee on Subsidies and Countervailing Measures, "Procedures for Extensions under Article 27.4 for Certain Developing Country Members," G/SCM/39, November 20, 2001.

⁶¹ Ibid., par. 1(e)-(f).

In July 2007, the committee drafted a decision that agreed on procedures for the continuation of this extension of the phase-out period, which would require these countries to end their notified export subsidy programs not later than December 31, 2015.⁶²

Accessions

The Kingdom of Tonga became the 151st WTO member on July 27, 2007 (table 3.1). In December 2007, the General Council also approved final membership arrangements for the WTO accession of Cape Verde. In 2007, the council established two accession working parties, as requested, one for the Comoros and a second for Liberia. Another 30 countries are observers or in various stages of accession to the WTO (table 3.2).

Waivers

During 2007, the General Council agreed to grant or extend waivers from WTO obligations, particularly regarding members' schedules of concessions resulting from the adoption of newer HS tariff schedule nomenclature (notably HS 1996, HS 2002, and HS 2007), as well as waivers from most-favored-nation obligations when granting nonreciprocal trade preferences approved by members. The council also granted several waivers to members regarding particular individual obligations resulting from past concessions.

Seventh WTO ministerial conference

In October 2007, the chairman of the General Council reported on broad consultations with members, which concluded that it would not be possible to convene a WTO conference at the ministerial level before the end of 2007 (a conference is required at that level at least every other year).⁶³ The council and members agreed that the failure to hold the Seventh Session of the Ministerial Conference in 2007 should not establish a precedent for the future and agreed to return to the issue as soon as the situation could be clarified, in particular regarding a ministerial-level conference in conjunction with a conclusion to the Doha Round of trade negotiations.⁶⁴

⁶² WTO, Committee on Subsidies and Countervailing Measures, "Article 27.4 of the Agreement on Subsidies and Countervailing Measures—Decision of the Committee of 13 July 2007," G/SCM/120, July 17, 2007, esp. par. 1(d).

⁶³ WTO, Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Art. IV:1, 1995.

⁶⁴ WTO, General Council, "Annual Report (2007)," WT/GC/114, January 21, 2008.

TABLE 3.1 WTO membership in 2007

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

Source: WTO, "Members and Observers." http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed Feb. 28, 2008).

^a In the WTO, the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu is informally referred to as Chinese Taipei, although elsewhere it is commonly referred to as Taiwan.

TABLE 3.2 WTO observers in 2007

Afghanistan	Guinea, Equatorial	Serbia
Algeria	Iran	Seychelles
Andorra	Iraq	Sudan
Azerbaijan	Kazakhstan	Tajikistan
Bahamas	Laos	Ukraine
Belarus	Lebanon	Uzbekistan
Bhutan	Libya	Vanuatu
Bosnia and Herzegovina	Montenegro	Vatican (Holy See)
Cape Verde	Russia	Yemen
Comoros	Samoa	
Ethiopia	São Tomé and Príncipe	

Source: WTO, "Members and Observers." http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed Feb. 28, 2008).

Dispute Settlement

Consultations and New Panels Established

During 2007, WTO members filed 13 new requests for WTO dispute settlement consultations. This compares with 22 in 2006, 12 in 2005, and 19 in 2004. There were 13 new dispute settlement panels established in 2007, compared to 14 in 2006, 7 in 2005, and 8 in 2004. One of these panels (DS358) was later terminated when the United States and China reached a mutually agreed settlement in December 2007, and another (DS359) was terminated when Mexico and China reached a mutually agreed settlement in February 2008. Table 3.3 shows the 13 cases in which panels were established during 2007.

Four of the panels established during 2007 were at the request of the United States (DS358, DS360, DS362, DS363). Other panels were established in 2007 at the request of Argentina (3), Brazil (1), the EU (3), Mexico (1), and Panama (1). The United States was named as the respondent in two of the cases (DS350, DS365). Other countries named as respondents in cases before newly established panels in 2007 were Brazil (1), Chile (2), China (4), Colombia (1), India (2), and Mexico (1). The trade issues involved in these cases included measures affecting antidumping, countervailing duty, and safeguard matters; intellectual property rights; tax matters; as well as measures affecting border and internal trade issues. Appendix table A.19 shows developments during 2007 in the WTO dispute settlement cases to which the United States was a party.

Panels established during 2007 at the request of the United States

During 2007, the DSB established panels in four cases at the request of the United States. The issues raised and procedural history of each of the four are summarized below.

TABLE 3.3 WTO dispute settlement panels established in 2007

Case No.	Complainant	Respondent	Case Name	Panel Established
DS341	EU	Mexico	Definitive Countervailing Measures on Olive \ Oil from the EU	Jan. 23, 2007
DS350	EU	United States	Continued Existence and Application of "Zeroing" Methodology	June 4, 2007
DS351	Argentina	Chile	Provisional Safeguard Measure on Certain Milk Products	Apr. 24, 2007
DS352	EU	India	Measures Affecting the Importation and Sale of Wines and Spirits from the EU	Apr. 24, 2007
DS355	Argentina	Brazil	Antidumping Measures on Imports of Certain Resins from Argentina	July 24, 2007
DS356	Argentina	Chile	Definitive Safeguard Measures on Certain Milk Products	Apr. 24, 2007
DS358	United States	China	Certain Measures Granting Refunds, Reductions, or Exemptions from Taxes and Other Payments	Aug. 31, 2007
DS359	Mexico	China	Certain Measures Granting Refunds, Reductions, or Exemptions from Taxes and Other Payments	July 12, 2007
DS360	United States	India	Additional and Extra-Additional Duties on Imports from the United States	June 20, 2007
DS362	United States	China	Measures Affecting the Protection and Enforcement of Intellectual Property Rights	Sept. 25, 2007
DS363	United States	China	Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products	Nov. 27, 2007
DS365	Brazil	United States	Domestic Support and Export Credit Guarantees for Agricultural Products	Dec. 17, 2007
DS366	Panama	Colombia	Indicative Prices and Restrictions on Ports of Entry	Oct. 22, 2007

Source: Derived from WTO, "Dispute Settlement: The Disputes, Chronological List of Disputes Cases." http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm (accessed Feb. 27, 2008).

Note: The United States and China reached a mutually agreed settlement in case DS358 in December 2007. Mexico and China reached a mutually agreed settlement in case DS359 in February 2008.

Measures by China Granting Refunds, Reductions, or Exemptions from Taxes and Other Payments (DS358)

The United States claimed that certain refunds, reductions, or exemptions to firms in China were inconsistent with Article 3 of the SCM Agreement in that they were conditioned on the purchase of domestic over imported goods, or that they required the firm to meet certain export performance criteria. The United States also claimed that the measures were

inconsistent with Article III:4 of the GATT 1994 and Article 2 of the Trade-Related Investment Measures (TRIMS) Agreement to the extent that they accord imported products less favorable treatment than like domestic products. The United States claimed, in addition, that the measures did not comply with certain provisions in China's Accession Protocol and the Report of the Working Party on the Accession of China. The United States filed its request for consultations on February 2, 2007. After consultations failed to resolve the dispute, the United States requested establishment of a panel, and a panel was established on August 31, 2007. On December 19, 2007, China and the United States informed the DSB that they had reached an agreement in relation to the dispute in the form of a MOU.⁶⁵ Under the MOU, China committed to complete a series of steps by January 1, 2008, to ensure that the WTO-prohibited subsidies cited in the U.S. complaint have been permanently eliminated, and that they will not be reintroduced in the future.⁶⁶

Measures by India Imposing “Additional Duties” or “Extra Additional Duties,” Including Wines and Distilled Products (DS360)

In its complaint, the United States claimed that certain “additional duties” and “extra additional duties” imposed by India on certain goods, including wines and distilled products, are inconsistent with Articles II:1(a) and (b) and III:2 and III:4 of the GATT 1994. The United States filed its request for consultations on March 6, 2007. After consultations failed to resolve the dispute, the United States requested establishment of a panel, and a panel was established on June 20, 2007, and composed on July 3, 2007. On December 17, 2007, the panel chairman announced that the panel expects to issue its final report in March 2008.⁶⁷

Measures by China Affecting the Protection of and Enforcement of Intellectual Property Rights (DS362)

The United States claimed that various measures taken by China were inconsistent with China's obligations under the TRIPS Agreement.⁶⁸ These measures include (a) quantitative thresholds in China's criminal law that must be met in order to start criminal prosecutions or obtain criminal convictions for copyright piracy and trademark counterfeiting; (b) rules allowing infringing goods seized by Chinese customs authorities to be released into commerce after removal of fake labels or other infringing features; and (c) apparent denial of copyright protection for works poised to enter the market but awaiting Chinese censorship approval. The United States filed its request for consultations on April 10, 2007. After consultations failed to resolve the dispute, the United States requested establishment of a

⁶⁵ Derived from WTO, “Dispute Settlement: The Disputes—Chronological List of Dispute Cases,” DS358, April 11, 2008.

⁶⁶ USTR, “China To End Subsidies Challenged by the United States in WTO Dispute,” November 29, 2007.

⁶⁷ Derived from WTO, “Dispute Settlement: The Disputes—Chronological List of Dispute Cases,” DS360, April 11, 2008.

⁶⁸ USTR, “United States Requests WTO Panel in Case Challenging Deficiencies in China's Intellectual Property Rights Laws,” August 13, 2007.

panel; a panel was established on September 25, 2007, and composed on December 13, 2007.⁶⁹

Measures by China Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products (DS363)

The United States alleged that various Chinese measures reserve trading rights for certain publications and audiovisual entertainment products to certain Chinese state-designated and wholly or partially state-owned enterprises, and that various Chinese measures impose market access restrictions or discriminatory limitations on foreign service providers seeking to engage in the distribution of publications (e.g., books, magazines, newspapers, and electronic publications) and certain audiovisual home entertainment products (e.g., video cassettes and DVDs). The United States claimed that such measures are inconsistent with China's obligations under its Protocol of Accession, the GATT 1994, and the General Agreement on Trade in Services (GATS). The United States filed its request for consultations on April 10, 2007. After consultations failed to resolve the dispute, the United States requested establishment of a panel, and a panel was established on November 27, 2007.⁷⁰ The panel was composed on March 27, 2008.

Panels established in which the United States is named as the respondent

Continued Existence and Application of “Zeroing” Methodology in U.S. Antidumping Duty Reviews (DS350)

In its complaint the European Communities asserted that United States Department of Commerce (USDOC) implementing regulations, “zeroing” methodology,⁷¹ practice, administrative procedures, and measures for determining the dumping margin in administrative reviews are inconsistent with various provisions of the Antidumping Agreement⁷² and Articles VI and XVI of the GATT 1994. The EC filed its request for consultations on October 2, 2006. After consultations failed to resolve the dispute, the European Community (EC) requested establishment of a panel, and a panel was established on June 4, 2007, and composed on July 6, 2007. On October 1, 2007, the chairman of the panel informed the DSB that the panel expects to complete its work in June 2008.⁷³

⁶⁹ Derived from WTO, “Dispute Settlement: The Disputes—Chronological List of Dispute Cases,” DS362, April 11, 2008.

⁷⁰ Ibid.

⁷¹ In general, a “zeroing” methodology involves treating specific price comparisons that do not show dumping as zero values in the calculation of a weighted average dumping margin. WTO, “Update of WTO Dispute Settlement Cases—New Developments since Last Update (From 21 August 2007 until 22 January 2008),” WT/DS/OV/32, January 24, 2008, 88.

⁷² Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, commonly referred to as the Antidumping Agreement.

⁷³ Ibid.

U.S. Subsidies and Other Domestic Support for Corn and Other Agricultural Products (DS357)

In its complaint Canada claimed (1) that the United States provides subsidies to the U.S. corn industry that are specific to U.S. producers of primary agricultural products and/or the U.S. corn industry; (2) that the United States, through export credit guarantee programs and other measures, makes available to its exporters premium rates and other terms more favorable than those which the market would otherwise provide; and (3) that the United States, through the improper exclusion of domestic support, provides support in favor of domestic producers in excess of its agreed to commitment levels. Canada claimed that the U.S. measures are contrary to U.S. obligations in Article 3.1(a) and 3.2 of the SCM Agreement; Articles 3.2, 3.3, 8, 9.1, and 10.1 of the Agreement on Agriculture; and Section 1 of Part IV of the U.S. Schedule. Canada filed its request for consultations on January 8, 2007. After consultations failed to resolve the dispute, Canada, on June 7, 2007, requested establishment of a panel; the decision to establish a panel was deferred. On November 8, 2007, Canada and Brazil, following consultations relating to similar issues in DS365 (see below), requested establishment of a panel in that dispute, and a single panel was established on December 17, 2007, in that dispute. On November 15, 2007, Canada withdrew its June 7, 2007, request to establish a panel in DS357.⁷⁴ No panel has been composed as of mid-2008.

U.S. Domestic Support and Export Credit Guarantees for Agricultural Products (DS365)

In its complaint, Brazil claimed possible inconsistencies in the case of two categories of U.S. agricultural measures: (1) domestic support for agricultural products, and (2) export credit guarantees for agricultural products. Brazil claimed that the U.S. domestic support measures exceeded U.S. commitment levels in 1999-2001, 2002, and 2004-2005, resulting in possible inconsistencies with Article 3.2 of the Agreement on Agriculture. Brazil also claimed that various U.S. programs for agricultural products made export credit guarantees available on more favorable terms than those otherwise available in the market, resulting in possible inconsistencies with U.S. obligations under Articles 3.3, 8, 9.1, and 10.1 of the Agreement on Agriculture and Article 3.1(a) and 3.2 of the SCM Agreement. Brazil filed its request for consultations on July 11, 2007, and Canada and several other members subsequently requested to join the consultations. After consultations failed to resolve the dispute, Canada and Brazil each requested establishment of a panel, and a single panel was established on December 17, 2007.⁷⁵ No panel has been composed as of mid-2008.

Appellate Body and Panel Reports Adopted during 2007 that Involved the United States

During 2007, the WTO DSB adopted Appellate Body and/or Panel reports in three dispute settlement cases in which the United States was either the complaining party (one report)

⁷⁴ Ibid.

⁷⁵ Ibid.

or the responding party (two reports).⁷⁶ The status of each of these cases is summarized below (including a summary of adopted reports). In addition, there is a discussion of a fourth case in which an appeal of a panel report was pending at the end of 2007 and the Appellate Body report was adopted in early 2008; the United States was the complaining party in that case.

There were additional cases in which the United States was the complainant or the respondent that remained pending throughout 2007, with rulings made or expected during 2008. These included a case brought by the United States against China (DS340, Measures Affecting Imports of Automobile Parts), and cases brought against the United States by the European Communities (DS350, Continued Existence and Application of Zeroing Methodology, with a panel report expected in June 2008; and DS353, Large Civil Aircraft, 2nd Complaint, with a panel report expected in July 2008); India (DS346, Customs Bond Directive for Merchandise Subject to Antidumping/Countervailing Duties, panel report circulated Feb. 29, 2008); Mexico (DS344, Final Antidumping Measures on Stainless Steel from Mexico, panel report circulated December 20, 2007, and appealed to the Appellate Body); and Thailand (DS343, Measure Relating to Shrimp from Thailand, panel report circulated Feb. 29, 2008).

Reports in which the United States was the complainant

Measures by Turkey Affecting the Importation of Rice (DS334)

This dispute involved a complaint filed by the United States challenging Turkey's import restrictions on rice. The United States alleged that Turkey (1) requires an import license to import rice but fails to grant such licences to import rice at Turkey's bound rate of duty; and (2) that Turkey also operates a tariff-rate quota (TRQ) for rice imports that requires importers, in order to import specified quantities of rice at reduced tariff levels, to purchase specified quantities of domestic rice. The United States alleged that such measures were inconsistent with Turkey's obligations under Article 2.1 and Annex 1 of the TRIMs Agreement, Articles III (para. 4, 5, and 7) and XI:1 of the GATT 1994, and certain articles of the Import Licensing Agreement. The United States filed a request for consultations on November 2, 2005. After consultations failed to resolve the dispute, the United States requested establishment of a panel, and the DSB established a panel on March 17, 2006. The panel was composed on July 31, 2006. The panel circulated its report on September 21, 2007. The panel found that Turkey's decision to deny or fail to grant Certificates of Control to import rice outside of the TRQs constituted a quantitative import restriction as well as a practice of discretionary import licensing within the meaning of footnote 1 to Article 4.2 of the Agreement on Agriculture. The panel also found that Turkey's requirement that importers must purchase domestic rice in order to import rice at reduced-tariff levels under the tariff quotas accorded less favorable treatment to imported rice than to domestic rice, in a manner inconsistent with Article III:4 of the GATT 1994. The DSB adopted the panel report on October 22, 2007.

⁷⁶ This list does not include panel and Appellate Body compliance reports adopted by the DSB during 2007 relating to challenges of implementation actions taken by responding parties in response to earlier reports adopted by the DSB.

U.S. Antidumping “Zeroing” Methodology (DS322)

This dispute involved a complaint brought by Japan in 2004 against the United States regarding a methodology used by the United States in calculating dumping margins, known as “zeroing.”⁷⁷ Japan contested U.S. laws, regulations, and methodologies involving zeroing as such and as applied, and in particular when zeroing is used in transaction-to-transaction comparisons to calculate dumping margins and when margins calculated using zeroing are relied on in 5-year reviews. Japan alleged that U.S. measures are inconsistent with certain provisions of the Antidumping Agreement and Articles VI:1, VI:2, and XVI:4 of the GATT 1994. Japan filed its request for consultations on November 24, 2004, and after consultations failed to resolve the dispute, requested establishment of a panel; the DSB established a panel on February 28, 2005. The panel was composed on April 15, 2005. The panel found in favor of the United States on most issues and circulated its report on September 20, 2006. Both Japan and the United States appealed the panel report; and the Appellate Body, in a report adopted on January 23, 2007, reversed the panel’s findings and concluded that U.S. use of a zeroing methodology when calculating dumping margins on the basis of transaction-to-transaction comparisons and its reliance on dumping margins involving zeroing in 5-year reviews, among other practices, were not consistent with U.S. WTO obligations.⁷⁸ The United States subsequently reached agreement with Japan to implement the DSB recommendations and rulings by December 24, 2007. As a result of a separate proceeding, the USDOC announced that it would no longer engage in zeroing in average-to-average comparisons in investigations.⁷⁹ On January 10, 2008, Japan requested DSB authorization to suspend concessions on the ground that the United States had failed to implement the DSB recommendations and rulings. On January 18, 2008, the United States objected to the level of suspension and requested that the matter be referred to arbitration. On January 21, 2008, the DSB agreed that the matter had been referred to arbitration.⁸⁰

⁷⁷ In general, a “zeroing” methodology involves treating specific price comparisons that do not show dumping as zero values in the calculation of a weighted average dumping margin. WTO, “Update of WTO Dispute Settlement Cases—New Developments since Last Update (From 21 August 2007 until 22 January 2008),” WT/DS/OV/32, January 24, 2008, 88. Specifically, the USDOC calculation of a weighted average dumping margin for a company generally involves numerous comparisons between sales in the United States and sales in the home market or third country market (or costs in the home market). While some comparisons reveal dumping (e.g., the price in the United States is lower than the home market price), other comparisons may reveal no dumping (e.g., the price in the United States is higher than the home market price). Where a comparison reveals no dumping, the USDOC assigns a zero to that comparison, rather than a negative number equal to the amount by which the U.S. price exceeds the home market price. This practice is generally referred to as “zeroing.” The WTO Antidumping Agreement contemplates three methodologies for calculating a dumping margin in investigations: average-to-average, transaction-to-transaction, and average-to-transaction. These issues in these disputes involve the use of zeroing for each of these methodologies as well as whether the zeroing methodology can be used in different types of antidumping proceedings, including original investigations, administrative reviews, and 5-year reviews. USTR, “WTO Panel Finds for United States in ‘Zeroing’ Dispute with Japan,” September 20, 2006.

⁷⁸ WTO, “United States—Measures Relating to Zeroing and Sunset Reviews—Report of the Appellate Body,” WT/DS322/AB/R, January 9, 2007.

⁷⁹ USTR, “Dispute Settlement Update—September 21, 2007,” April 17, 2008, 23.

⁸⁰ WTO, DSB, “United States—Measures Relating to Zeroing and Sunset Reviews,” April 11, 2008. In June 2007 the United States submitted a proposal to the WTO Negotiating Group on Rules to “correct” the Appellate Body’s rulings on zeroing. USTR, “U.S. Proposes to Address ‘Zeroing’ in World Trade Organization Negotiations,” June 4, 2007.

U.S. Antidumping Measure on Shrimp from Ecuador (DS335)

This dispute involved a complaint by Ecuador concerning a final affirmative antidumping duty determination and antidumping duty order by the USDOC regarding certain frozen warm-water shrimp from Ecuador. Ecuador raised concerns particularly about the USDOC's practice of "zeroing" negative antidumping margins, and alleged that the USDOC determinations and order are inconsistent with various provisions of Article VI of the GATT 1994 and Article 18.1 of the Antidumping Agreement. Ecuador filed a request for consultations on November 17, 2005. Following consultations that failed to resolve the dispute, Ecuador requested establishment of a panel and a panel was established on July 19, 2006. The panel was composed on September 26, 2006. The panel report was circulated on January 20, 2007, and adopted by the DSB on February 20, 2007. The panel found that the USDOC acted inconsistently with Article 2.4.2 of the Antidumping Agreement in its determinations and order and requested that the United States bring its measures into conformity with its obligations. Neither party appealed. The United States agreed to implement the DSB recommendations and rulings by August 20, 2007.⁸¹ The USDOC recalculated the margins, which were de minimis, and revoked the order.⁸²

Organization for Economic Cooperation and Development

In 2007, the OECD Trade Committee held several global policy forums addressing subjects such as trade and labor market adjustment, and the international sourcing of information technology services. The committee completed in 2007 its comprehensive reviews of the economies of China and India,⁸³ and continued discussions on trade issues regarding other major nonmember economies. For the medium-term future, the committee decided to focus on the issues of international disciplines on export credits, trade in services, the costs and benefits of continued trade liberalization, and the interaction of domestic and trade policies. The Trade Committee also continued to monitor developments in the WTO Doha Round trade negotiations during the year, and continued its ongoing work program.

Global Policy Forums

During 2007, the Trade Committee members held two global policy forums, one concerning trade and labor market adjustments, and a second concerning the role of international sourcing of business processing and information technology services in trade, innovation, and growth.⁸⁴

⁸¹ WTO, DSB, "United States—Anti-Dumping Measure on Shrimp from Ecuador," April 11, 2008.

⁸² USTR, "Dispute Settlement Update—September 21, 2007," April 17, 2008, 23.

⁸³ OECD, Trade and Agriculture Directorate, Trade Committee, "Draft Summary Record of the 148th Session of the Trade Committee, 16-17 October 2007," TAD/TC/M(2007)3/PROV, February 11, 2008, par. 3; and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 187.

⁸⁴ OECD, Trade and Agriculture Directorate, Trade Committee, "Draft Summary Record of the 146th Session. . .," May 30, 2007; and OECD, Trade and Agriculture Directorate, Trade Committee, "Draft Summary Record of the 148th Session. . .," February 11, 2008.

Regarding labor adjustments to trade, the Secretariat noted at a policy forum in March 2007 that its studies indicate that, despite increases over the past decade in total employment and labor productivity, labor demand in manufacturing sectors has nonetheless become more elastic over the years.⁸⁵ According to the Secretariat, this situation has rendered workers in member countries more vulnerable than before to economic shocks, such as increased import competition.⁸⁶ Concerning developing countries, members examined the issue raised by other studies that suggest that increased trade was in part responsible for increasing inequality in both China and Latin America.⁸⁷ The committee reported that the economic literature generally finds no automatic linkage between economic growth and poverty reduction, or between increased trade and economic development.⁸⁸ Committee members offered the idea that education and job training may provide a remedy to capture the potential gains from trade liberalization that might help offset such imbalances.⁸⁹

At a second policy forum on the role of international sourcing of business processing and information technology services in trade, innovation, and growth, in October 2007 committee members discussed trends in outsourcing services jobs in the business processing and information technology areas.⁹⁰ Members concluded that outsourcing can yield significant economic benefits, but that governments need to have proper domestic policies in place at home to address related worker concerns that may arise as a result of outsourcing.⁹¹ Some members suggested that binding current outsourcing policies under WTO disciplines might be desirable considering that few trade barriers exist currently in this area.⁹² The forum also touched on issues of technology transfer through trade, competition's effect on innovation, global value chains, trade in services, and how innovation affects information and communication technologies.⁹³

Nonmember Focus

Following the May 2007 OECD ministerial decision on OECD enlargement and “enhanced engagement” with nonmember economies,⁹⁴ the OECD strengthened its involvement with leading developing economy nonmember countries. Chile, Estonia, Israel, Russia, and Slovenia were invited to begin the OECD accession process. In addition, the OECD offered an “Enhanced Engagement” partnership arrangement to Brazil, China, India, Indonesia, and South Africa, whereby these countries could participate in OECD activities of interest,

⁸⁵ OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 146th Session. . .,” TAD/TC/M(2007)1/PROV, May 30, 2007, par. 12.

⁸⁶ Ibid.

⁸⁷ Ibid., par. 13.

⁸⁸ Ibid.

⁸⁹ Ibid., par. 16.

⁹⁰ OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 148th Session. . .,” February 11, 2008.

⁹¹ Ibid., par. 2.

⁹² Ibid.

⁹³ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 188.

⁹⁴ OECD, Council, “Council Resolution on Enlargement and Enhanced Engagement,” C/MIN(2007)4/FINAL, May 16, 2007.

including committees, economic surveys, sector-specific peer reviews, OECD instruments, integration into OECD information and statistical reporting systems, and similar work.⁹⁵

The Trade Committee also examined in 2007 progress in, and the impact of, the integration of China and India into the world trading system.⁹⁶ The committee remarked that China's trade reforms, in particular regarding manufacturing, have been key to China's improved economic performance.⁹⁷ The committee noted that India retains moderate protection on its external trade, despite some tariff reductions on nonagricultural products.⁹⁸ Committee members noted that India shows a comparative advantage in certain services sectors, but that India's trade policy concerning services in general is still very restrictive compared to China.⁹⁹ The committee also reviewed its outreach discussions with government officials in China and India during 2007, addressing regulatory reform and market openness in China and global and country-specific trade policy issues in India.¹⁰⁰

In addition, the committee renewed observer status in the OECD Trade Committee for Argentina, Brazil, Chile, and Hong Kong (China) for the 2008–09 period.¹⁰¹

Trade Committee Priority Topics

During 2007, the Trade Committee considered its medium-term work priorities as part of a “reflection process” initiated in October 2006.¹⁰² Delegations agreed that the committee should move from its previous broad consideration of trade issues to an approach that addressed, in a more focused manner, the specific key policy priorities raised by delegations. Delegates expressed strong support for more focused work on the policy priorities of (1) international disciplines on export credits; (2) trade in services; (3) committee support for better understanding of the costs and benefits to be gained from further trade liberalization; and (4) committee interest in examining in more detail the interaction of domestic policies and international trade, although delegations raised the need to be mindful of careful definition in such studies.¹⁰³

⁹⁵ OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 148th Session . . .,” February 14, 2008, par. 1–3.

⁹⁶ *Ibid.*, par. 3.

⁹⁷ *Ibid.*

⁹⁸ *Ibid.*

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*, par. 1.

¹⁰¹ *Ibid.*, par. 3.

¹⁰² OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 146th Session . . .,” May 30, 2007, par. 4–5.

¹⁰³ *Ibid.*; OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 148th Session of the Trade Committee, 16–17 October 2007,” TAD/TC/M(2007)3/PROV, February 11, 2008, par. 4–5.

Export Credits

The Trade Committee finalized a number of sectoral revisions to the 1978 OECD Arrangement on Officially Supported Export Credits (Export Credit Arrangement or ECA). The Trade Committee considered strengthening its work on international export credit disciplines as part of its medium-term priorities, in particular through dialogue with nonmembers.¹⁰⁴ The committee highlighted two OECD recommendations recently adopted by the OECD Council, one on antibribery measures concerning export credits,¹⁰⁵ and a second on export credits and their environmental impact.¹⁰⁶

Aircraft sector understanding

In July 2007, the OECD concluded its review of the 1986 provisions governing aircraft financing that are annexed to the 1978 ECA. The new rules under the Aircraft Sector Understanding (ASU) went into effect on July 1, 2007, with the final text signed on July 30, 2007, in Rio de Janeiro, Brazil.¹⁰⁷ The ASU limits official subsidies for export credits among its signatories,¹⁰⁸ allowing aircraft sales to focus purchasing decisions on price and quality rather than on financing terms where export subsidies have in the past influenced purchasing decisions.¹⁰⁹ The committee recognized in particular the significance of Brazil as a negotiating party and first-time signatory of the ASU because Brazil is both a non-OECD member in addition to being a major regional aircraft producer. The committee considered the ASU a model for cooperation and strengthened dialogue between OECD members and nonmember countries. The committee viewed the understanding as an important approach in addressing the use of export credits in likely future competitive emerging nonmember economies such as Brazil, China, India, Israel, Romania, South Africa, and Slovenia.¹¹⁰

¹⁰⁴ OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 147th Session of the Trade Committee, 27 June 2007,” TAD/TC/M(2007)2/PROV, October 24, 2007, par. 12–13.

¹⁰⁵ OECD, Trade Directorate, Trade Committee, Working Party on Export Credits and Credit Guarantees, “OECD Council Recommendation on Bribery and Officially Supported Export Credits,” TD/ECG(2006)24, December 18, 2006.

¹⁰⁶ OECD, Council, “Draft Revised Council Recommendation on Common Approaches on Environment and Officially Supported Export Credits,” C(2007)65, May 18, 2007.

¹⁰⁷ OECD, Trade and Agriculture Directorate, Trade Committee, “Work in Progress—148th Session of the Trade Committee—Paris, 16–17 October 2007,” TAD/TC/RD(2007)7, October 11, 2007, pt. 1, sec. 4; OECD, “Brazil Joins OECD Countries in Landmark Pact on Civil Aircraft Export Credits,” July 30, 2007; OECD, “Remarks by Angel Gurría—OECD Secretary General, during the Signing Ceremony of the Aircraft Sector Understanding on Export Credits for Civil Aircraft,” July 30, 2007.

¹⁰⁸ OECD, “Brazil Joins OECD Countries in Landmark Pact on Civil Aircraft Export Credits,” July 30, 2007.

¹⁰⁹ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, March 1, 2008, 192.

¹¹⁰ OECD, Trade and Agriculture Directorate, Trade Committee, “Draft Summary Record of the 147th Session of the Trade Committee, 27 June 2007,” TAD/TC/M(2007)2/PROV, October 24, 2007, par. 6–13; USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, March 1, 2008, 192.

Export credit understandings for other sectors

In April 2007, the participants in the 1978 ECA extended the trial period for the Sector Understanding on Export Credits, Renewable Energies, and Water Projects—initially agreed in 2005—through June 30, 2009.¹¹¹ In 2009, participants are expected to consider whether to modify the understanding and whether to incorporate it into the ECA.

In October 2007, the participants in the 1978 ECA concluded their update of the Sector Understanding on Export Credits for Ships, which was first agreed in 2003.¹¹² In the update, ECA participants in conjunction with the OECD Council Working Party No. 6 agreed to future work plans that are to include examination of rules on minimum premium rates and interest rates.

Asia-Pacific Economic Cooperation

APEC is an international organization comprised of Pacific Rim countries seeking to facilitate intraregional economic growth, trade, investment, and cooperation.¹¹³ The organization operates as a cooperative, multilateral economic and trade group, whose decisions are made by consensus, and whose commitments are undertaken voluntarily. APEC leaders meet annually to provide direction to the organization in the form of action-oriented work programs and to define priorities for its committees, working groups, senior officials' meetings, and special task groups. To reach its objective, member countries committed to the “Bogor Goals” in 1994, which set forth a timetable for creating a free and open trade and investment area in the Asia-Pacific region by 2010 for industrialized countries and by 2020 for developing countries. Various annual APEC initiatives have been undertaken to provide member countries with direction on how to successfully meet the long-term objectives agreed upon in Bogor, Indonesia, in 1995.¹¹⁴

Two major developments resulted from the September 2007 annual ministerial meeting in Sydney, Australia and its related workshops. Ministers formulated a new “Action Agenda” aimed at promoting energy efficiency and environmental protection among member nations and advanced the Bogor Goals of a free and open trade region through several initiatives agreed upon in APEC’s Committee on Trade and Investment.

¹¹¹ OECD, Trade and Agriculture Directorate, Trade Committee, “Work in Progress—148th Session of the Trade Committee— Paris, 16–17 October 2007,” TAD/TC/RD(2007)7, October 11, 2007, pt. 1, sec. 4.

¹¹² *Ibid.*

¹¹³ APEC was established in 1989. Its 21 members are Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei (Taiwan); Thailand; the United States; and Vietnam. For more information, see APEC, “APEC at a Glance,” http://www.apec.org/apec/about_apec.html.

¹¹⁴ APEC, “Outcomes & Outlook 2005–06,” www.apec.org/content/apec/about_apec.html (accessed February 1, 2007).

Action Agenda

APEC ministers agreed upon an action plan that is designed to stimulate energy efficiency and environmental protection in the Asia-Pacific region. They set objectives of reducing energy consumption throughout the region by 25 percent by 2030, increasing forest cover in the region by at least 20 million hectares by 2020, and establishing an Asia-Pacific Network for Energy Technology to promote collaboration on energy research.¹¹⁵

Committee on Trade and Investment

APEC's Committee on Trade and Investment (CTI) accomplished four main tasks in 2007. First, members agreed upon model measures with respect to regional agreements and free trade agreements, electronic commerce, rules of origin and origin procedures, and sanitary and phytosanitary measures.¹¹⁶ Second, members formulated APEC's Second Trade Facilitation Action Plan, which aims to reduce intraregional transaction costs associated with trade by 5 percent by 2010.¹¹⁷ Third, its members developed guidelines to enhance IPR capacity building in the region, by promoting regional IPR protection and enforcement.¹¹⁸ Finally, CTI members agreed upon common procedures for acquiring new patents in member countries.¹¹⁹

¹¹⁵ APEC, Sydney APEC Leaders' Declaration on Climate Change, Energy Security, and Clean Development, September 9, 2007.

¹¹⁶ APEC, "APEC Model Measures for RTAs/FTAs," September 5–6, 2007.

¹¹⁷ APEC, "APEC's Second Trade Facilitation Action Plan," July 2007.

¹¹⁸ APEC, "Intellectual Property Rights: Convenor's Summary Reports to CTI," June 29-30, 2007. http://aimp.apec.org/Documents/2007/CTI/CTI3/07_cti3_022.pdf.

¹¹⁹ APEC, "APEC Cooperation Initiative on Patent Acquisition Procedures," July 3, 2007.

CHAPTER 4

U.S. Free Trade Agreements

This chapter reviews developments related to U.S. Free Trade Agreements (FTAs) during 2007. It describes trends in U.S. merchandise trade with FTA partners during 2006–07, reviews the status of U.S. FTA negotiations during the year, and reviews major NAFTA activities, including NAFTA dispute settlement developments during the year.

FTAs in Force During 2007

The United States was a party to nine FTAs as of December 31, 2007. These included a multiparty agreement with the countries of Central America and the Dominican Republic (CAFTA-DR), implemented with respect to the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua (2006–07);¹ the U.S.-Bahrain FTA (2006); the U.S.-Morocco FTA (2006); the U.S.-Australia FTA (2005); the U.S.-Chile FTA (2004); the U.S.-Singapore FTA (2004); the U.S.-Jordan FTA (2001); NAFTA (1994); and the U.S.-Israel FTA (1985).

Table 4.1 shows U.S. merchandise trade with FTA partners during 2005–07. In 2007, total U.S. exports of goods to FTA partners were valued at \$405.5 billion. U.S. exports to FTA partners accounted for 38.8 percent of total U.S. exports. Total U.S. imports of goods from FTA partners were valued at approximately \$593.4 billion and accounted for 32.2 percent of U.S. imports from the world. The overall U.S. merchandise trade balance with FTA partners was a deficit of \$187.8 billion. In 2007, the U.S. trade deficit with its NAFTA partners ranked a record high \$190.2 billion and decreased with Israel, Jordan, Chile, and Bahrain. Australia, Singapore, Morocco, and the CAFTA-DR countries were the only FTA partners with which the United States recorded a merchandise trade surplus during 2007.

The value of U.S. imports entered under FTA provisions has risen steadily from \$263.7 billion in 2005 to \$313.9 billion in 2007 (table 4.2). U.S. FTA imports increased by 19.0 percent during 2005–07, outpacing the increase in overall U.S. imports of 16.9 percent during the same period. NAFTA partners Canada and Mexico accounted for more than 93.0 percent of the value of U.S. FTA imports in 2007. The large increase in imports under CAFTA-DR during 2006–07 was the result of the staged implementation of that FTA during the period. Imports from all FTA partners accounted for 16.2 percent of total U.S. imports in 2007.

¹ The agreement with respect to the Dominican Republic entered into force on March 1, 2007. The agreement entered into force with respect to the other listed parties during 2006. The status of Costa Rica's adherence to CAFTA-DR is discussed below in the section "Other FTA Developments during 2007."

TABLE 4.1 U.S. merchandise trade with FTA partners, total trade, 2005–07

	2005	2006	2007
	<i>Million dollars</i>		
Exports:			
Israel.....	6,497	8,094	9,940
NAFTA.....	284,902	312,789	332,500
Jordan.....	607	623	832
Singapore.....	18,680	21,911	23,577
Chile.....	4,668	6,221	7,610
Australia.....	14,638	16,836	17,917
Morocco.....	–	869	1,334
Bahrain ^a	–	471	565
CAFTA-DR ^b	–	9,657	11,257
FTA partner total.....	<u>329,992</u>	<u>377,471</u>	<u>405,532</u>
World.....	803,992	929,486	1,046,358
FTA partner share of world (percent).....	41.0	40.6	38.8
Imports:			
Israel.....	18,680	19,157	20,817
NAFTA.....	456,750	500,090	522,663
Jordan.....	1,267	1,421	1,333
Singapore.....	15,084	17,750	19,080
Chile.....	6,745	9,551	8,969
Australia.....	7,360	8,244	8,633
Morocco.....	–	546	626
Bahrain ^a	–	632	626
CAFTA-DR ^b	–	10,206	10,627
FTA partner total.....	<u>505,886</u>	<u>567,598</u>	<u>593,374</u>
World.....	1,662,380	1,845,053	1,942,863
FTA partner share of world (percent).....	30.4	30.8	32.2
Balance:			
Israel.....	-10,373	-11,063	-10,877
NAFTA.....	-171,848	-187,302	-190,163
Jordan.....	-660	-798	-501
Singapore.....	3,596	4,161	4,497
Chile.....	-2,077	-3,330	-1,359
Australia.....	7,278	8,592	9,284
Morocco.....	–	323	708
Bahrain ^a	–	-161	-61
CAFTA-DR ^b	–	-549	630
FTA partner total.....	<u>-174,084</u>	<u>-190,127</u>	<u>-187,842</u>
World.....	-858,388	-915,567	-798,695
FTA partner share of world (percent).....	20.3	20.8	23.5

Source: U.S. Department of Commerce.

Note: Data represent U.S. bilateral trade flows (i.e., trade under FTA provisions as well as non-FTA trade) with FTA partners. The symbol “–” indicates not applicable because an FTA was not in force.

^a FTA in force for part of 2006.

^b CAFTA-DR in force for El Salvador, Guatemala, Honduras, and Nicaragua during 2006. Includes Dominican Republic beginning in 2007.

TABLE 4.2 U.S. imports entered under FTA provisions, by FTA partner, 2005–07

	2005	2006	2007	Percent change 2005–07
	<i>Million dollars</i>			
Israel.....	2,824	2,771	2,755	-2.4
NAFTA.....	253,458	286,959	293,057	15.6
Jordan.....	246	309	313	27.2
Singapore.....	800	868	935	16.9
Chile.....	3,679	5,508	5,001	35.9
Australia.....	2,670	3,248	3,155	18.2
Morocco.....	–	116	176	–
Bahrain ^a	–	47	199	–
CAFTA-DR.....	–	3,976	8,289	–
El Salvador.....	–	993	1,490	–
Guatemala.....	–	561	1,286	–
Honduras.....	–	2,003	2,855	–
Nicaragua.....	–	418	706	–
Dominican Republic.....	–	–	1,952	–
FTA partner total.....	263,677	303,802	313,880	19.0
World.....	1,662,380	1,845,053	1,942,863	16.9
	<i>Share of total partner imports</i>			
Israel.....	16.7	14.5	13.2	
NAFTA.....	55.5	57.4	56.1	
Jordan.....	19.5	21.7	23.5	
Singapore.....	5.3	4.9	4.9	
Chile.....	54.5	57.7	55.8	
Australia.....	36.3	39.4	36.5	
Morocco.....	–	21.2	28.1	
Bahrain ^a	–	7.4	31.8	
CAFTA-DR ^b	–	39.0	78.0	
FTA partner total share of world.....	15.9	16.5	16.2	

Source: U.S. Department of Commerce.

^a FTA in force for part of 2006.

^b CAFTA-DR in force for El Salvador, Guatemala, Honduras, and Nicaragua during 2006. Includes Dominican Republic beginning in 2007.

Other FTA Developments During 2007

Costa Rica is also a party to the CAFTA-DR, but the United States and Costa Rica have not yet implemented the agreement. In a national referendum held on October 7, 2007, the citizens of Costa Rica voted to join CAFTA-DR. However, the Costa Rican government did not complete the necessary implementing legislation during the year. CAFTA-DR establishes a 2-year period for signatory countries to join the agreement after it first takes effect. CAFTA-DR first took effect on March 1, 2006, and therefore the 2-year period for all parties to join the agreement was to end on March 1, 2008. On February 27, 2008,

however, the USTR announced that Costa Rica would be granted an extension until October 1, 2008 to complete its implementing process.²

The United States concluded FTA negotiations with Panama on December 19, 2006, and the two parties signed the U.S.-Panama Trade Promotion Agreement (TPA) on June 28, 2007.³ The United States concluded FTA negotiations with Korea on April 1, 2007, and the two parties signed the agreement on June 30, 2007.⁴ The United States signed bilateral agreements with Colombia, Oman, and Peru in 2006.⁵ However, none of those bilateral FTAs entered into force during 2007.

On May 10, 2007, Congress and the Administration agreed on a Bipartisan Agreement on Trade Policy to provide a path for Congressional approval for the FTAs with Peru, Colombia, Panama, and Korea. The Agreement calls for the inclusion into the text of pending and future trade agreements provisions on basic labor standards, environmental standards, patents and IPR, government procurement, port security, investment, and strategic worker assistance and training.⁶

As a result of that bipartisan arrangement, the United States negotiated amendments with Colombia and Peru to the bilateral TPAs signed with those countries in 2006. The United States and Peru concluded negotiations for an amended U.S.-Peru TPA on June 25, 2007 (the amendments reflected the provisions of the May 10, 2007 Bipartisan Agreement on Trade Policy described above), which was ratified by Peru on June 27, 2007. The U.S. House of Representatives and Senate approved the U.S.-Peru TPA Implementation Act on November 2, and December 4, 2007, respectively. President Bush signed the implementing legislation on December 14, 2007, and the agreement is expected to enter into force once Peru takes the necessary steps to implement it.⁷ The United States and Colombia concluded negotiations for an amended U.S.-Colombia TPA on June 28, 2007, which was ratified by Colombia on October 30, 2007, and approved by the President of Colombia on November 22, 2007.⁸

Trade Promotion Authority, the President's statutory authority to negotiate trade agreements that the Congress can approve or disapprove but cannot amend, expired on July 1, 2007, without being renewed.⁹ There was no significant change in status of the FTA negotiations launched in prior years with Ecuador, Malaysia, the South African Customs Union, Thailand, and the United Arab Emirates, or countries involved with the Free Trade Area of the Americas. The status of U.S. FTA negotiations during 2007 is shown in table 4.3.

² USTR, "USTR Announces Agreement on Extension of Time for Costa Rica to Join the CAFTA-DR," News release, February 27, 2008.

³ USTR, "United States and Panama Sign Trade Promotion Agreement," June 28, 2008. The U.S.-Panama TPA is described in more detail below.

⁴ USTR, "United States and Republic of Korea Sign Landmark Free Trade Agreement," News release, June 30, 2007. The U.S.-Korea FTA is described in more detail below.

⁵ FTA negotiations with those countries were concluded during 2006. For information on FTA developments during 2006, see USITC, *The Year in Trade 2006: Operations of the Trade Agreement Program—58th Report*, 2007, 4-3.

⁶ USTR, "Bipartisan Trade Deal," May 2007, <http://www.fas.usda.gov/info/factsheets/TPA/05-11-07FinalBipartisanTradeDeal.pdf>.

⁷ USTR, "Statement by USTR Schwab on Today's Signing of the U.S.-Peru Trade Promotion Agreement," December 14, 2007; and USTR, "Schwab Statement on Amendments to U.S.-Peru Trade Promotion Agreement," June 25, 2007.

⁸ OAS, "Colombia—United States," http://www.sice.oas.org/TPD/AND_USA/COL_USA_e.ASP.

⁹ The Trade Act of 2002 (title XXII of the Trade Act of 2002), was enacted on August 2, 2002.

TABLE 4.3 Status of U.S. FTA negotiations during 2007

FTA partner(s)	Negotiations launched	Negotiations concluded	Agreement signed by parties	Date of entry into force
Central America and the Dominican Republic:				
El Salvador	Jan. 8, 2003	Dec. 17, 2003	May 28, 2004	Mar. 1, 2006
Honduras and Nicaragua	Jan. 8, 2003	Dec. 17, 2003	May 28, 2004	Apr. 1, 2006
Guatemala	Jan. 8, 2003	Dec. 17, 2003	May 28, 2004	July 1, 2006
Dominican Republic	Jan. 14, 2003	Mar. 15, 2004	Aug. 5, 2004	Mar. 1, 2007
Costa Rica	Jan. 8, 2004	Jan. 25, 2004	May 28, 2004	–
Korea	Feb. 2, 2006	Apr. 1, 2007	June 30, 2007	–
Oman	Mar. 12, 2005	Oct. 3, 2005	Jan. 19, 2006	–
Andean TPA				
Peru	May 18, 2004	Dec. 7, 2005 June 25, 2007 ^a	Apr. 12, 2006	(^b)
Colombia	May 18, 2004	Feb. 27, 2006 June 28, 2007 ^c	Nov. 22, 2006 –	–
Ecuador	May 18, 2004	–	–	–
Panama TPA	Apr. 26, 2004	Dec. 19, 2006	Jun. 28, 2007	–
Free Trade Area of the Americas (FTAA) ^d	Apr. 18, 1998	–	–	–
Malaysia	Mar. 8, 2006	–	–	–
South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland)	June 2, 2003	–	–	–
Thailand	June 28, 2004	–	–	–
United Arab Emirates	Mar. 12, 2005	–	–	–

Source: USTR, various press releases, <http://www.ustr.gov>.

^a Amendments to the U.S.-Peru TPA signed April 12, 2006, reflecting the terms of the May 10, 2007, “Bipartisan Agreement on Trade” between Congress and the Administration.

^b Implementing legislation signed by President Bush on Dec. 14, 2007.

^c Amendments to the U.S.-Colombia TPA signed Nov. 22, 2006, reflecting the terms of the May 10, 2007, “Bipartisan Agreement on Trade” between Congress and the Administration.

^d Other negotiating parties to the FTAA are: Antigua and Barbuda, Argentina, The 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. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

U.S.-Panama Trade Promotion Agreement

The United States and Panama signed the United States-Panama TPA on June 28, 2007, after 10 months of negotiations.¹⁰ The agreement was approved by Panama’s legislature on July 11, 2007. Panama is predominantly a service-based economy, with services accounting for about 80 percent of economic activities. The Panama Canal is the focal point of Panama’s economy, with much of the country’s economic activity tied to the canal’s infrastructure and to the logistics and financing of international shipping. According to the USTR, the trade agreement will provide U.S. exporters significant opportunities to participate in the \$5.25 billion expansion plan for the Panama Canal that is due to begin in 2008.¹¹

¹⁰ USTR, “United States and Panama Sign Trade Promotion Agreement,” News release, June 28, 2007.

¹¹ USTR, “The Case for the U.S.-Panama FTA,” Fact Sheet, September 12, 2007.

Under the agreement, more than 88 percent of U.S. exports of consumer and industrial goods to Panama would become duty free immediately, with remaining tariffs phased out over the next 10 years.¹² The agreement includes “zero-for-zero” immediate duty-free access for key U.S. sectors, including agricultural and construction equipment, information technology products, and medical and scientific equipment. Nearly 50 percent of U.S. agricultural exports become duty free immediately, and the agreement provides that remaining tariffs and TRQs on agricultural products would be phased out over the next 17 years. Other key export sectors such as motor vehicles and parts, paper and wood products, and chemicals would also obtain significant access to Panama’s market.¹³

The agreement includes an enforceable reciprocal obligation for the countries to adopt and maintain in their laws and practice the principles concerning the fundamental labor rights as stated in the 1998 International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, including the prohibition on the worst forms of child labor.¹⁴ The agreement also commits both countries to effectively enforce their own domestic environmental laws and adopt, maintain, and implement laws, regulations, and all other measures to fulfill obligations under covered multilateral environmental agreements. In addition, the agreement includes a separate sanitary and phytosanitary agreement in which Panama recognizes U.S. food and safety inspection standards as equivalent to Panamanian standards, which would expedite the entry of U.S. meat and poultry exports.¹⁵ According to the USTR, the agreement establishes a stable legal framework for U.S. investors operating in Panama, and all forms of investment are protected under the agreement.¹⁶

Apparel products made in Panama will be duty free under the agreement if they use U.S. or Panamanian fabric or yarn, thereby supporting U.S. fabric and yarn exports and jobs.¹⁷ Panama already enjoys broad duty-free access to the U.S. market through various trade preference programs designed to promote economic development, including the GSP and CBERA programs.¹⁸

U.S.-Korea Free Trade Agreement

The United States-Korea FTA negotiations were concluded on April 1, 2007, and an agreement was signed on June 30, 2007, after eight formal rounds of negotiations over a 10-month period.¹⁹ According to the USTR, approximately 95 percent of bilateral trade in consumer and industrial products will become duty free within three years of entry into force of the agreement, and tariffs on almost all goods would be eliminated within 10

¹² USTR, “Free Trade with Panama: Summary of the United States Panama Trade Promotion Agreement—Final (Brief),” July 2, 2007.

¹³ The USITC assessed the likely impact of the U.S.-Panama TPA on the U.S. economy as a whole and on specific industry sectors in USITC, *U.S.-Panama Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects*, September 2007.

¹⁴ USTR, “Free Trade with Panama: Summary of the United States Panama Trade Promotion Agreement—Final (Brief),” July 2, 2007.

¹⁵ Hornbeck, “The Proposed U.S.-Panama Free Trade Agreement, Updated January 18, 2008,” January 18, 2008.

¹⁶ USTR, “United States and Panama Sign Trade Promotion Agreement,” Press Release, June 28, 2007.

¹⁷ USTR, “Panama—Trade Summary—Trade Promotion Agreement,” *National Trade Estimates Report (NTE)*, 2008.

¹⁸ GSP and CBERA are discussed in more detail in chap. 2 of this report.

¹⁹ USTR, “United States and the Republic of Korea Sign Landmark Free Trade Agreement,” News release, June 30, 2007.

years.²⁰ The USTR reports that roughly 64 percent of U.S. agricultural exports would become duty free immediately.²¹ The agreement eliminates tariffs and nontariff barriers on U.S. auto exports, most notably the immediate elimination of Korean tariffs on most U.S. passenger vehicles and trucks.²² The USTR also said that Korea agreed to overhaul its system for taxing cars based on engine displacement.²³

The USTR also reported that the agreement grants Korean apparel products preferential access to the U.S. market (provided they are made from U.S. or Korean fabric and yarn), ensures that U.S. investors in Korea will have the same rights and enjoy equal footing with Korean investors, expands market access and investment opportunities in a number of Korean services sectors (including financial, telecommunications, broadcasting, express delivery, and legal), provides for high standards for protection and enforcement of intellectual property rights (including trademarks, copyrights, and patents), establishes a committee to enhance cooperation and consultation on sanitary and phytosanitary matters, and requires both countries to enforce their own labor and environmental laws.²⁴

North American Free Trade Agreement

NAFTA entered into force on January 1, 1994. All of its trade provisions became fully effective on January 1, 2008.²⁵ In 2007, total two-way (exports plus imports) U.S. merchandise trade with NAFTA partners Canada and Mexico increased by 5.2 percent over 2006, with U.S.-Canada merchandise trade amounting to \$525.6 billion and U.S.-Mexico merchandise trade totaling \$329.5 billion (table 4.4). In 2007, the U.S. merchandise trade deficit with NAFTA partners increased for a seventh consecutive year, but at a rate (1.5 percent) that was substantially lower than in 2006 (9.0 percent). The U.S. merchandise trade deficit with NAFTA partners increased to \$190.2 billion in 2007 from \$187.3 billion in 2006.²⁶

The following sections describe the major activities of the NAFTA Free Trade Commission (FTC), the Commission for Labor Cooperation (CLC), the Commission for Environmental

²⁰ USTR, "United States and Korea Conclude Historic Trade Agreement," April 2, 2007.

²¹ USTR, "United States and the Republic of Korea Sign Landmark Free Trade Agreement," News release, June 30, 2007.

²² The USITC assessed the likely impact of the U.S.-Korea FTA on the U.S. economy as a whole and on specific industry sectors in USITC, *U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*, September 2007.

²³ USTR, "Fact Sheet on Auto-related Provisions in the U.S.-Korea Free Trade Agreement," April 3, 2007.

²⁴ USDA, FAS, "Fact Sheet: U.S.-Korea Free Trade Agreement," February 2008; and USTR, "Free Trade with Korea—Brief Summary of the Agreement," June 2007.

²⁵ On January 1, 2008, the last remaining restrictions on U.S.-Mexico trade were removed. These include restrictions on a few agricultural commodities such as U.S. exports to Mexico of corn, dry edible beans, nonfat dry milk, and high fructose corn syrup, as well as U.S. imports from Mexico of sugar and certain horticultural products. U.S.-Canada agricultural restrictions were removed before January 1, 1998, under the provisions of the U.S.-Canada Free Trade Agreement (CFTA), which was incorporated into NAFTA in 1994. USDA, ERS, "Fact Sheet: North American Free Trade Agreement (NAFTA)," January, 2008; USDA, "Statement by Acting Agriculture Secretary Chuck Conner on the Full Implementation of the North America Free Trade Agreement (NAFTA) on Jan. 2, 2008"; and USTR, "U.S.-Mexican Officials Meet to Discuss NAFTA." News Release, January 11, 2008.

²⁶ U.S. bilateral trade relations with Canada and Mexico are described in chap. 5 of this report.

TABLE 4.4 U.S. merchandise trade with NAFTA partners, 2005–07

Year	NAFTA partner	Exports	Imports	Trade balance	Two-way trade
					(exports plus imports)
<i>Billion dollars</i>					
2007	Canada.....	213.1	312.5	-99.4	525.6
	Mexico.....	119.4	210.2	-90.8	329.5
	Canada and Mexico.....	332.5	522.7	-190.2	855.2
2006	Canada.....	198.2	303.0	-104.8	501.3
	Mexico.....	114.6	197.1	-82.5	311.6
	Canada and Mexico.....	312.8	500.1	-187.3	812.9
2005	Canada.....	183.2	287.5	-104.3	470.8
	Mexico.....	101.7	169.2	-67.5	270.9
	Canada and Mexico.....	284.9	456.7	-171.8	741.7

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

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

Cooperation (CEC), and dispute settlement activities under NAFTA chapters 11 and 19 during 2007.

Free Trade Commission

NAFTA's central oversight body is the FTC, which is chaired jointly by representatives from the three member countries.²⁷ The FTC is responsible for overseeing the implementation and elaboration of NAFTA, as well as for its dispute settlement provisions.

At its most recent annual meeting, in August 2007, in Vancouver, Canada, the FTC agreed to develop a work plan to enhance North American competitiveness. The plan is to address key issues that impact NAFTA's trade and identify the most effective means to facilitate it. The plan will be presented for review at the next FTC meeting hosted by the United States in 2008.²⁸ The FTC also agreed to work to facilitate trade in four specific sectors—swine, steel, consumer electronics, and chemicals—and to identify a second set of sectors for review at the 2009 FTC meeting.²⁹ Next, the FTC agreed to analyze the FTAs that each country has negotiated subsequent to NAFTA, beginning with those in the Western Hemisphere. The analysis will focus on identifying specific differences among the agreements, especially those related to trade facilitation and regulatory transparency. Finally, the FTC agreed to a third set of changes to the rules of origin³⁰ affecting an

²⁷ The representatives are the U.S. Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Economy.

²⁸ USTR, "Joint Statement on 2007 NAFTA Commission Meeting," August 14, 2007; USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

²⁹ Ibid.

³⁰ The first set of changes to the rules of origin, affecting approximately \$20 billion in annual trilateral trade, was implemented in 2005, while the second set of changes, affecting an estimated \$15 billion, was implemented in 2006. See USITC, *The Year in Trade 2006*, 58th Report, 4-7; USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119; and USTR, "Joint Statement on 2007 NAFTA Commission Meeting," August 14, 2007. The Commission has recently completed two studies on NAFTA: *Certain Sugar Goods: Probable Economic Effect of Tariff Elimination Under NAFTA for Goods of Mexico*, and *Certain Textile Articles: Probable Effect of the Modification of NAFTA Rules of Origin for Goods of Canada and*

(continued...)

estimated \$100 billion in trilateral trade. The NAFTA countries agreed to work to implement these new rules in 2008.³¹

Commission for Labor Cooperation

The CLC, comprised of a ministerial council and an administrative secretariat, was established under the North American Agreement on Labor Cooperation (NAALC), a supplemental agreement to NAFTA that aims to promote effective enforcement of domestic labor laws and foster transparency in their administration. The CLC is responsible for the implementation of the NAALC. Each NAFTA partner has established a National Administrative Office (NAO) within its labor ministry to serve as the contact point with the other parties and the secretariat, to provide publicly available information to the secretariat and the other parties, and to provide for the submission and review of public communications on labor law matters.³² In the United States, that office is the Office of Trade Agreement Implementation (OTAI).³³ If the OTAI determines that a violation of the agreement has occurred in a partner country, the matter is referred to the CLC Council to hold ministerial consultations with the respective party to resolve the issue.³⁴

The NAALC provides for the review of public submissions related to the labor laws of the NAFTA partners.³⁵ In 2007, no new submissions were filed under the NAALC, but the U.S. and Mexican NAOs addressed various submissions filed in years prior to 2007. On August 2007, the U.S. NAO released its public review of U.S. Submission 2005-03 (Hidalgo), requesting consultations with the Mexican NAO regarding several issues on labor law enforcement.³⁶ In August 2007, the U.S. NAO declined for review U.S. Submission 2006-01 (Coahuila), concerning freedom of association and occupational safety and health for mine workers in Mexico.³⁷ In October 2007, the Mexican NAO requested responses from the U.S. NAO to questions related to two submissions filed in Mexico—the first concerning H2-B Visa workers (Mexican NAO submission 2005-1),³⁸ and the second concerning the collective bargaining rights of public-sector workers in North Carolina (Mexican NAO Submission 2006-01).³⁹

³⁰ (...continued)

Mexico.

³¹ USTR, “Joint Statement on 2007 NAFTA Commission Meeting,” August 14, 2007; USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

³² CLC, “The National Administrative Offices.”

³³ The responsible office in the United States was the National Administrative Office (NAO) until December 17, 2004, when it became OTAI. U.S. Department of Labor (USDOL), Bureau of International Labor Affairs, “Notice of Renaming the National Administrative Office.” OTAI is now located in the USDOL, Bureau of International Labor Affairs; USDOL, “The Office of Trade Agreement Implementation.”

³⁴ CLC, “Rules of Procedure for Evaluation.”

³⁵ Information on the submissions and the status of the submissions under NAALC is available in USDOL, Bureau of International Labor Affairs, “Status of Submissions.”

³⁶ USDOL, “Public Report of Review of Office of Trade and Labor Affairs Submission No. 2005-03 (HIDALGO);” and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

³⁷ USDOL, “U.S. NAO Submission No. 2006-01 (Coahuila);” and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

³⁸ USDOL, “Mexico NAO Submission No. 2005-1 (H-2B Visa Workers);” and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

³⁹ USDOL, Office of Trade and International Affairs, “Submissions Filed Under the North American Agreement on Labor Cooperation (NAALC);” and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

In 2007, as part of its research program, the NAALC Secretariat released a report on workplace antidiscrimination and equal-pay laws.⁴⁰ This volume is a comparative guide to labor law in Canada, the United States, and Mexico.⁴¹ The NAALC Secretariat also released a report on high-performance work systems in North America⁴² and the third edition of a report that describes the economic conditions and characteristics of the labor market in the three countries.⁴³ Additionally, in October 2007, the Secretariat hosted a trilateral workshop in Guadalajara, Mexico, on mine safety and health issues.⁴⁴

Commission for Environmental Cooperation

The CEC was established under the North American Agreement on Environmental Cooperation (NAAEC), a supplemental agreement to NAFTA designed to ensure that trade liberalization and efforts to protect the environment are mutually supportive. The CEC oversees the mandate of the NAAEC and is composed of (1) the Council—the governing body of the CEC—made up of the environmental ministers from the United States, Canada, and Mexico;⁴⁵ (2) the Joint Public Advisory Committee, made up of five private citizens from each of the NAFTA parties; and (3) the Secretariat, made up of professional staff, located in Montreal, Canada.⁴⁶

Articles 14 and 15 of the NAAEC provide citizens and nongovernmental organizations with a mechanism to aid in enforcing environmental laws in the NAFTA countries. Article 14 governs alleged violations submitted for review by the CEC. It sets forth specific guidelines regarding criteria for submissions and parties that can file complaints. Article 15 outlines the Secretariat's obligations in considering the submissions and publishing findings in the factual record.⁴⁷ Eleven files remained active under article 14 at the end of 2007, two of which had been submitted in 2007 (table 4.5). There were 14 active files during 2007, based on citizen submissions under article 15; five involved Canada, eight involved Mexico, and one involved the United States (table 4.6). Also in 2007, the CEC publicly released two final factual records for submissions that had first been filed in 2002 with respect to Canada.

At the 2007 annual ministerial session in Morelia, Mexico, the CEC Council reaffirmed its interest in addressing trade and the environment in an integrated manner.⁴⁸ At the meeting, the Council instructed the Secretariat to prepare a succinct report on key issues related to the state of North America's environment, in addition to directing the Secretariat to review

⁴⁰ CLC, "Workplace Anti-Discrimination."

⁴¹ Ibid.

⁴² CLC, "High Performance Work Systems;" and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

⁴³ CLC, "Labor Markets;" and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

⁴⁴ CLC, "Trilateral Government Experts Workshop;" and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

⁴⁵ The CEC Council consists of the Canadian Environment Minister, the Mexican Secretary for Environment and Natural Resources, and the U.S. Environmental Protection Agency Administrator.

⁴⁶ CEC, "CEC Secretariat;" and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

⁴⁷ CEC, "A Guide to Articles 14 and 15."

⁴⁸ CEC, "CEC Ministerial Statement," June 27, 2007.

TABLE 4.5 Active files through 2007, under article 14 of the North American Agreement on Environmental Cooperation

Name	Case	First Filed	Country	Status
Lake Chapala II	SEM-03-003	May 23, 2003	Mexico	The Council voted to instruct the Secretariat to develop a factual record on May 30, 2008.
Alca-Iztapalapa II	SEM-03-004	June 17, 2003	Mexico	The Secretariat submitted a final factual record to Council for Council's vote on whether to make the final factual record publicly available on March 28, 2008. ^a
Montreal Technoparc	SEM-03-005	Aug. 14, 2003	Canada	The Secretariat submitted a final factual record to Council for Council's vote on whether to make the final factual record publicly available on March 28, 2008.
Coal-fired Power Plants	SEM-04-005	Sept. 20, 2004	United States	The Secretariat informed Council that the Secretariat considers that the submission warranted development of a factual record on December 5, 2005.
Quebec Automobiles	SEM-04-007	Nov. 3, 2004	Canada	The Secretariat posted a request for information relevant to the factual record on its Web site on September 1, 2006.
Environmental Pollution in Hermosillo II	SEM-05-003	Aug. 30, 2005	Mexico	The Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record on April 4, 2007.
Ex Hacienda El Hospital II	SEM-06-003	July 17, 2006	Mexico	The Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record on May 12, 2008.
Ex Hacienda El Hospital III	SEM-06-004	Sept. 22, 2006	Mexico	The Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record on May 12, 2008.
Species at Risk	SEM-06-005	Oct. 10, 2006	Canada	The Secretariat informed Council that the Secretariat considers that the submission warrants development of a factual record on September 10, 2007.
Minera San Xavier	SEM-07-001	May 2, 2007	Mexico	The Secretariat requested additional information from the concerned government party under article 21(1)b on March 7, 2008.
Drilling Waste in Cunduacán	SEM-07-005	July 26, 2007	Mexico	The Secretariat received the requested information from the concerned government party on May 16, 2008.

Source: CEC, Commission for Environmental Cooperation, "Active Files."

^a The final factual record was publicly released on June 2, 2008.

TABLE 4.6 Citizen submissions on enforcement under article 15 of the North American Agreement on Environmental Cooperation, submissions active during 2007

Name	Case	First Filed	Country ^a	Status ^b
Drilling Waste in Cunduacán	SEM-07-005	July 26, 2007	Mexico	Open
Minera San Xavier	SEM-07-001	May 2, 2007	Mexico	Open
Species at Risk	SEM-06-005	Oct. 10, 2006	Canada	Open
Ex Hacienda El Hospital III	SEM-06-004	Sept. 22, 2006	Mexico	Open
Ex Hacienda El Hospital II	SEM-06-003	July 17, 2006	Mexico	Open
Environmental Pollution in Hermosillo II	SEM-05-003	Aug. 30, 2005	Mexico	Open
Quebec Automobiles	SEM-04-007	Nov. 3, 2004	Canada	Open
Coal-fired Power Plants	SEM-04-005	Sept. 20, 2004	United States	Open
Montreal Technoparc	SEM-03-005	Aug. 14, 2003	Canada	Open
Alca-Iztapalapa II	SEM-03-004	June 17, 2003	Mexico	Open
Lake Chapala II	SEM-03-003	May 23, 2003	Mexico	Open
Pulp and Paper	SEM-02-003	May 8, 2002	Canada	February 5, 2007
Ontario Logging	SEM-02-001	Feb. 6, 2002	Canada	February 5, 2007
Tarahumara	SEM-00-006	June 9, 2000	Mexico	January 9, 2006

Source: Commission for Environmental Cooperation, "Current Status."

^a Refers to the country against which an allegation was filed.

^b Status as of Dec. 31, 2007. Date indicates when the final factual record was publicly released.

and synthesize current assessments of the major environmental trends affecting North America.⁴⁹

In November 1993, Mexico and the United States agreed on arrangements to help border communities with environmental infrastructure projects to further the goals of NAFTA and the NAAEC.⁵⁰ The Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) reported working with more than 140 communities throughout the Mexico-U.S. border region to address their environmental infrastructure needs.⁵¹ As of March 31, 2008, the BECC had certified 137 environmental infrastructure projects, which will cost an estimated \$2.9 billion to build. To date, the NADB has contracted a total of \$808 million in loans and grants to support 108 certified infrastructure projects, with approximately 44 percent going to projects in the United States and the remaining 56 percent to projects in Mexico.⁵²

Dispute Settlement

The dispute settlement provisions of NAFTA chapters 11 and 19 cover a variety of areas.⁵³ Developments during 2007 are described below with respect to NAFTA chapter 11 investor-state disputes and chapter 19 binational reviews of final determinations of antidumping and countervailing cases. Appendix table A.20 presents an overview of developments in NAFTA dispute settlement cases to which the United States was a party in 2007.

⁴⁹ Ibid.

⁵⁰ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, 119.

⁵¹ North American Development Bank, *BECC-COCF Joint Status Report*, 2.

⁵² Ibid.

⁵³ NAFTA Secretariat, "Overview of the Dispute Settlement Provisions."

Chapter 11 Dispute Settlement Developments

Chapter 11 of NAFTA includes provisions designed to protect cross-border investors and facilitate the settlement of investment disputes. An investor who alleges that a NAFTA country has breached its investment obligations under chapter 11 may pursue arbitration through internationally recognized channels⁵⁴ or remedies available in the host country's domestic courts. A key feature of the chapter 11 arbitral provisions is the enforceability in domestic courts of final awards made by arbitration tribunals.⁵⁵

In 2007, there were five active chapter 11 cases filed against the United States by Canadian investors.⁵⁶ In the same year, there were six active chapter 11 cases filed by U.S. investors against Canada,⁵⁷ and four active chapter 11 cases filed by U.S. investors against Mexico.⁵⁸

Chapter 19 Dispute Panel Reviews

Chapter 19 of NAFTA contains a mechanism that provides for review by a binational panel, as an alternative to judicial review by domestic courts, of final determinations made by national investigating authorities in antidumping and countervailing duty cases. A panel may be established at the request of any involved NAFTA country.⁵⁹

At the end of 2007, the NAFTA Secretariat listed 12 binational panels active under chapter 19 (table 4.7). The two binational panels formed in 2007 under chapter 19 challenged U.S. agencies' determinations on products from Mexico.

⁵⁴ Internationally recognized channels include the International Centre for the Settlement of Investment Disputes (ICSID) at the World Bank or Rules of the United Nations Commission for International Trade Law (UNCITRAL Rules).

⁵⁵ NAFTA Secretariat, "Overview of the Dispute Settlement Provisions."

⁵⁶ U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the United States"; and International Trade Canada, "Dispute Settlement, NAFTA-Chapter 11: Cases Filed Against the Government of the United States."

⁵⁷ U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the Government of Canada"; and International Trade Canada, "Dispute Settlement, NAFTA—Chapter 11: Cases Filed Against the Government of Canada."

⁵⁸ U.S. Department of State, "NAFTA Investor-State Arbitrations: Cases Filed Against the United Mexican States"; International Trade Canada, "Dispute Settlement, NAFTA—Chapter 11: Cases Filed Against the Government of the United Mexican States"; and Secretaría de Economía, Tratado de Libre Comercio de América del Norte (TLCAN). Solución de Controversias en Materia de Inversión.

⁵⁹ NAFTA Secretariat, "Overview of the Dispute Settlement Provisions."

TABLE 4.7 NAFTA Chapter 19 binational panels, active reviews in 2007

Country	Case	National agencies' final determination ^a	Product description
Mexico			
	MEX-USA-2005-1904-01	SE Final Dumping Determination	Imports of carbon steel tubing with straight longitudinal seam from the United States
	MEX-USA-2006-1904-01	SE Final Dumping Determination	Imports of pork originating in the United States
	MEX-USA-2006-1904-02	SE Final Dumping Determination	Imports of fresh, red delicious and golden delicious apples originating in the United States
United States			
	USA-CDA-2004-1904-01	USDOC Final Results of Countervailing Duty Administrative Reviews	Pure magnesium and alloy magnesium from Canada
	USA-CDA-2005-1904-01	USDOC Final Results of Countervailing Duty Administrative Review and Rescission of Certain Company-Specific Reviews	Certain softwood lumber products from Canada
	USA-CDA-2005-1904-03	USITC Implementation of the New Determination under Section 129(a)(4) of the Uruguay Round Agreements Act	Certain softwood lumber products from Canada
	USA-CDA-2006-1904-04	USDOC Final Results of Antidumping Duty Administrative Review	Carbon and certain alloy steel wire rod from Canada
	USA-CDA-2006-1904-05	USDOC Final Scope Ruling Regarding Entries Made Under HTSUS 4409.10.05	Certain softwood lumber products from Canada
	USA-MEX-2000-1904-10	USITC Final Results of the Five-Year Review of the Antidumping Duty Order	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2005-1904-06	USITC Five-Year Review of the Antidumping Duty Order	Stainless steel sheet and strip in coils from Mexico
	USA-MEX-2007-1904-01	USDOC Antidumping Administrative Review	Stainless steel sheet and strip in coils from Mexico
	USA-MEX-2007-1904-03	USITC Final Determination of Antidumping Duty Review	Certain welded large diameter line pipe from Mexico

Source: NAFTA Secretariat, "Status Report of Panel Proceedings."

^a In Canada, final dumping and subsidy determinations are made by Canada Border Services Agency, and injury determinations are made by the Canadian International Trade Tribunal. In Mexico, all determinations are made by the Secretaría de Economía. In the United States, dumping and subsidy determinations are made by the U.S. Department of Commerce (USDOC), and injury determinations are made by USITC, NAFTA Secretariat, "Overview of the Dispute Settlement Provisions."

CHAPTER 5

U.S. Relations with Major Trading Partners

This chapter reviews U.S. bilateral trade relations with eight selected trading partners during 2007: the European Union, Canada, China, Mexico, Japan, Korea, Taiwan, and India. Appendix tables A.21 through A.44 provide detailed information on U.S. trade with these selected partners.

European Union

The EU¹ is the second-largest two-way (exports plus imports) U.S. trading partner behind the combined NAFTA market of Canada and Mexico. In 2007, U.S. two-way merchandise trade with the EU increased 9.5 percent over 2006 to \$578.4 billion, representing nearly one-fifth of U.S. trade with the world. U.S. exports of goods to the EU increased by 14.7 percent to \$226.3 billion in 2007. U.S. imports of goods from the EU increased by 6.4 percent to \$352.2 billion in 2007, resulting in a 5.6 percent decline in the U.S.-EU merchandise trade deficit to \$125.9 billion. Leading U.S. exports to the EU during the year included certain aircraft and aircraft parts, medicaments, passenger cars, blood fractions (e.g., antiserum), and gold. Leading U.S. imports from the EU included certain medicaments, passenger cars, petroleum derivatives, and nucleic acids and their salts.² U.S.-EU merchandise trade data are shown in appendix tables A.21 through A.23.

During 2007, there were developments of varying scope in several World Trade Organization dispute settlement cases involving the United States and EU (see appendix table A.19). Two cases brought by the EU related to U.S. zeroing methodology, DS294 and DS350, are summarized in chapter 3 of the report. In two compliance actions, the United States challenged EU actions (or failure to take action) following earlier rulings adopted by the DSB in the biotechnology case (DS291) and the bananas case (DS27). In the biotechnology case, the United States twice agreed to an extension of the EU's deadline for implementation of the DSB's recommendations and rulings during 2007, with EU implementation now set for January 11, 2008.³ In the bananas case, the United States requested establishment of an Article 21.5 panel to determine whether the EU's 2005 replacement import regime for bananas complied with the EU's WTO obligations. In May 2008, the panel found the replacement regime to be inconsistent with the EU's GATT 1994

¹ The 27 members of the EU in 2007 were Austria, Belgium, Bulgaria (effective January 1, 2007), Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania (effective January 1, 2007), Slovak Republic, Slovenia, Spain, Sweden, and the United Kingdom.

² Primarily certain aromatic or modified aromatic drugs of other heterocyclic compounds.

³ WTO, "European Communities—Measures Affecting the Approval And Marketing of Biotech Products—Modification of the Agreement under Article 21.3(b) of the DSU," WT/DS291/36, November 23, 2007.

obligations.⁴ Two additional cases involving alleged subsidies for large civil aircraft, one brought by the United States against the EU,⁵ and one brought by the EU against the United States,⁶ were active during 2007.

U.S.-EU Summit

Leaders from the United States, Germany,⁷ and the European Commission met April 30, 2007, in Washington, D.C. to hold their annual U.S.-EU summit.⁸ At the summit meeting, the leaders reached an agreement on a Framework for Advancing Transatlantic Economic Integration. The agreement contained three segments: (1) a regulatory focus on ways to converge the different regulatory structures and regulatory approaches and ways to streamline regulations where possible; (2) accelerated work on priority issues for transatlantic economic integration identified at the April summit (so-called lighthouse projects), including intellectual property rights (IPR), secure trade, investment promotion, financial markets, and innovation; and (3) the creation of a new cabinet-level organization, the Transatlantic Economic Council (TEC), staffed by key ministerial-level members from both sides.⁹ The TEC is to oversee and guide efforts to lower barriers to trade and investment between the United States and the EU.¹⁰ The TEC held its first meeting on November 9, 2007, in Washington, D.C., and discussed issues such as investment, accounting standards, security, “orphan” drug designations, poultry pathogen reduction treatment, product standards, biofuels, and patents.¹¹

On April 30, 2007, the United States and the EU also signed a first-stage Air Transport Agreement that replaced existing bilateral agreements and established an “Open-Skies Plus” framework between the EU and the United States.¹² The agreement allows every U.S. and EU airline to fly between every city in the EU and in the United States and allows airlines to operate without restrictions on the number of flights, aircraft, and routes; airlines may also set fares according to market demand, and airlines may enter into cooperative arrangements, including code sharing, franchising, and leasing. The agreement also permits U.S. investors to invest in EU airlines as long as the majority ownership is controlled by an EU member state; allows EU investors to hold up to 49.9 percent equity in a U.S. airline; and opens the possibility for EU investors to own airlines in Switzerland, Liechtenstein, the European Common Aviation Area, Kenya, and America’s Open Skies partners in Africa. It

⁴ WTO, “European Communities—Regime for the Importation, Sale and Distribution of Bananas—Recourse to Article 21.5 of the DSU by the United States—Report of the Panel,” WT/DS27/RW/USA, May 19, 2008.

⁵ DS347 (second complaint). DS316, the first complaint brought by the United States, remained pending in 2007.

⁶ DS353 (second complaint). DS317, the first complaint brought by the EU, also remained pending in 2007.

⁷ Germany held the EU Council presidency from January through June 2007.

⁸ White House, “2007 U.S.-EU Summit,” April 30, 2007.

⁹ *Ibid.*; and White House, “Press Briefing by Senior Administration Officials on the U.S.-EU Summit,” April 30, 2007.

¹⁰ White House, “Framework for Advancing Transatlantic Economic Integration Between the United States of America and the European Union,” April 30, 2007.

¹¹ U.S. Mission to the European Union, “New Transatlantic Economic Council Works to Dismantle Regulatory Barriers,” November 9, 2007; and EU, Delegation of the European Commission to the United States, “Joint Statement of the Transatlantic Economic Council,” November 9, 2007.

¹² U.S. Department of State, “U.S.-EU Air Transport Agreement,” April 30, 2007.

also grants new traffic rights to EU carriers and permits cross-border mergers and acquisitions within the EU. The agreement is to apply provisionally starting March 30, 2008, and calls for negotiations toward a second stage of liberalization to begin within two months of that date.¹³

Canada

Canada was the largest single-country market and the second-largest export market after the EU for U.S. goods in 2007, with two-way merchandise trade (exports plus imports) reaching \$525.6 billion, an increase of 4.9 percent over 2006. U.S. exports to Canada were valued at \$213.1 billion in 2007 and U.S. imports from Canada were valued at \$312.5 billion, increases of 7.5 and 3.1 percent, respectively, from 2006. The U.S. merchandise trade deficit with Canada was \$99.4 billion in 2007, down from \$104.8 billion recorded in 2006, and \$104.3 billion in 2005.

Manufactured products figured prominently in U.S.-Canada merchandise trade, with leading U.S. exports to Canada during the year including passenger and transport motor vehicles; parts and accessories for motor vehicles, such as cabs, engines, and gear boxes; and energy products such as natural gas and crude oils from petroleum and bituminous minerals and their preparations. The U.S. exports in 2007 showing the greatest percentage increase over last year were airplanes and aircraft, followed by motor vehicle and related products, such as drive axles, and energy products such as natural gas and heavy petroleum oils and their preparations.

Leading U.S. imports from Canada in 2007 included similar products, such as natural gas and crude oils from petroleum and bituminous minerals, and passenger motor vehicles. In 2007, imports of metals, such as raw nickel and refined copper, as well as imports of pharmaceuticals and medicaments showed the greatest percentage increase over 2006. U.S.-Canadian merchandise trade data are shown in appendix tables A.24 through A.26.

U.S.-Canadian trade relations are governed in large part by NAFTA, which entered into force January 1, 1994, replacing the 1989 bilateral U.S.-Canada FTA.¹⁴ NAFTA progressively eliminated tariff and nontariff barriers for bilateral trade in most agricultural and all industrial products that originate in the United States and Canada.¹⁵ In addition, NAFTA improved access for trade in services, established rules on investment, strengthened IPR protection, and created a NAFTA dispute settlement mechanism.¹⁶ Since the implementation of NAFTA, total two-way trade in merchandise goods between the United States and Canada has grown by 250 percent.¹⁷

Certain trade-related disputes between the United States and Canada are governed by NAFTA as well as by WTO dispute settlement rules. Major procedural developments in

¹³ Ibid.; and U.S. Mission to the European Union, "Secretary of State Condoleezza Rice to Host U.S.-EU Air Transport Agreement Signing Ceremony," April 27, 2007.

¹⁴ U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Canada," January 2008.

¹⁵ USTR, *2007 National Trade Estimate Report on Foreign Trade Barriers*, March 2007, p. 61.

¹⁶ Ibid.

¹⁷ U.S. Department of State, Bureau of Western Hemisphere Affairs, "Background Note: Canada," January 2008.

these bilateral dispute cases are listed in table 4.7 or appendix table A.20. Established in March 2005, the Security and Prosperity Partnership of North America provides another forum in which to address additional border issues that affect the three NAFTA countries, including nontrade as well as trade matters.¹⁸

Agriculture

Canada was the leading U.S. agricultural market, taking 58 percent of U.S. agricultural exports at the end of 2006.¹⁹ In 2007, the U.S.-Canada Consultative Committee on Agriculture, as well as the Province/State Advisory Group, both established as a result of the 1998 U.S.-Canada Record of Understanding in Agricultural Matters, met several times to discuss agricultural issues, including issues concerning livestock, fruits and vegetables, seed, and processed food and plant trade, as well as pesticide and animal drug regulations and biotechnology matters.²⁰

Livestock

U.S. imports of Canadian livestock products fell steeply in early 2003 following the discovery of a single case of bovine spongiform encephalopathy (BSE, commonly known as “mad cow disease”). Shipments of most Canadian beef to the United States resumed in late 2003, and bilateral trade in live cattle under 30 months of age resumed in July 2005. In July 2007 the government of Canada agreed to allow full market access for imports of all U.S. beef and beef products regardless of age, consistent with the World Organization for Animal Health (OIE) guidelines.²¹ By November 2007, all remaining U.S. restrictions affecting bilateral beef trade were lifted.²²

Potatoes

In 2007, the United States and Canada implemented the Technical Arrangement Concerning Trade in Potatoes, which helps to liberalize the longstanding prohibition on the entry into Canada of bulk shipments of fruits and vegetables in packages that exceed certain standard sizes. When the arrangement is fully implemented after three years, a forward contract between a U.S. supplier and a Canadian importer will suffice to meet the requisite economic test showing a shortage of Canadian potatoes that permits the import of U.S. potatoes to meet Canadian demand. In addition, the United States will allow some Canadian specialty potatoes to enter the U.S. market under the arrangement.

¹⁸ U.S. Department of State, Bureau of Western Hemisphere Affairs, “Background Note: Canada,” January 2008.

¹⁹ Ibid.

²⁰ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, March 1, 2008, p. 125.

²¹ Ibid.; and U.S. Department of State, Bureau of Western Hemisphere Affairs, “Background Note: Canada,” January 2008.

²² USTR, *2008 Trade Policy Agenda and 2007 Annual Report*, March 1, 2008.

Softwood Lumber Agreement

The U.S.-Canada Softwood Lumber Agreement (SLA) was signed on September 12, 2006, and entered into force on October 12, 2006. The agreement ties export measures to the monthly U.S. price of lumber as well as the U.S. consumption of lumber.²³ When the “prevailing monthly price”²⁴ of U.S. lumber is above \$355 (U.S.) per thousand board feet, Canada’s exports of lumber are unrestricted under the agreement. When the market price of lumber in the United States declines below \$355, Canada is to impose more stringent export measures.²⁵

On March 30, 2007, the United States requested formal consultations with Canada to resolve concerns regarding Canada’s implementation of the export measure provisions under the agreement, as well as several federal and provincial assistance programs targeting the Canadian softwood lumber industry.²⁶ Failing to resolve these issues, the United States requested international arbitration under the terms of the agreement on August 13, 2007, challenging Canada’s application of the import surge mechanism and quota volume provisions of the agreement.²⁷ In October, the parties presented their case before the London Court of International Arbitration (LCIA) tribunal.²⁸ In December, the parties presented additional material to the tribunal.²⁹

Aviation

In March 2007, the United States and Canada implemented the bilateral U.S.-Canada Open Skies Air Service Agreement that removes remaining restrictions on civil aviation services between the two countries.³⁰ The agreement, originally signed in November 2005 and

²³ USTR, U.S. Trade Representative Susan C. Schwab Announces Entry into Force of U.S.-Canada Softwood Lumber Agreement, October 12, 2006.

²⁴ As set out in the agreement, the “prevailing monthly price” is the most recent 4-week average of the weekly Framing Lumber Composite Price published by Random Lengths Publications Inc, Oregon, U.S.A., and is available 21 days before the beginning of the month to which it applies. Also set out in the agreement, “expected U.S. consumption” is the average monthly apparent U.S. consumption calculated over a 12-month period ending three months prior to the month in which “expected U.S. consumption” applies, multiplied by a seasonal adjustment factor. Foreign Affairs and International Trade Canada, Export and Import Controls, “Monthly Report on Softwood Lumber Prices and Consumption—Softwood Lumber Agreement (SLA) 2006.”

²⁵ “Softwood Lumber Agreement Between the Government of the United States of America and the Government of Canada,” esp. Article VII; and LCIA, “The United States Of America, Claimant, v. Canada, Respondent—Award on Liability,” Case No. 7941, 12.

²⁶ USTR, “Statement from USTR Spokesman Sean Spicer on Softwood Lumber Agreement Between Canada & United States,” January 16, 2008.

²⁷ *Ibid.*

²⁸ LCIA, “The United States Of America, Claimant, v. Canada, Respondent—Statement Of The Case,” Case No. 7941. October 19, 2007.

²⁹ USTR, “Hearing Notice: The United States of America v. Canada (LCIA Arbitration No. 7941),” December 10, 2007. In March 2008, the LCIA issued its decision, agreeing in part with the U.S. position that Canada had not properly adjusted the export quota volumes of Eastern Canadian provinces during the first half of 2007, agreeing in part with the Canadian position that the same adjustment was not required for the Western Canadian provinces. USTR, “USTR News—USTR Disappointed with Tribunal's Mixed Decision on Softwood Lumber—Statement from Gretchen Hamel, USTR spokeswoman, on the issuance of the decision in the softwood lumber arbitration,” March 4, 2008.

³⁰ U.S. Department of State, Bureau of Western Hemisphere Affairs, “Background Note: Canada,” January 2008.

subsequently reviewed by U.S. and Canadian authorities during 2006,³¹ expanded on the February 1995 Air Services Agreement that liberalized air passenger and cargo service between the two countries, but did not address air service that continues on to third countries.³² The 2005 Agreement addressed this constraint by allowing carriers from either country to continue on to third countries from one another's territory as part of a carrier's service.³³

China

In 2007, the U.S. merchandise trade deficit with China amounted to \$262.1 billion, 29.2 percent of the U.S. global merchandise trade deficit. The widening of the bilateral deficit resulted from increases in U.S. merchandise imports from China, which in 2007 grew more in value terms than corresponding U.S. merchandise exports to China.

U.S. merchandise exports to China amounted to \$61.0 billion in 2007. The 18.2 percent growth of U.S. exports to China over the year before, elevated China above Japan as the third largest destination for U.S. exports in 2007. Leading U.S. exports to China included airplanes, soybeans, and electronic integrated circuits, as well as copper and aluminum waste and scrap. U.S. merchandise imports from China grew by 12.6 percent to \$323.1 billion in 2007. Leading U.S. imports from China in that year included computers and their parts, wireless telephones, miscellaneous wheeled toys, video games, and footwear. U.S.-China merchandise trade data are shown in appendix tables A.27 through A.29.

In 2007, U.S.-China bilateral trade relations focused on intellectual property rights enforcement, product safety, and market access for goods and services in China, as well as the United States and China's global trade imbalances. Many of these issues were addressed during the December 2007 meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT)³⁴, and during the May and December 2007 semiannual U.S.-China Strategic Economic Dialogues (SED).³⁵

Intellectual Property Rights Enforcement

According to USTR's Special 301 annual assessment of the adequacy and effectiveness of IPR protection in a host of U.S. trade partner countries, China's counterfeiting and piracy problems have distinguished it as one of the most egregious IPR violators in 2007.³⁶ As such, China remained on USTR's Priority Watch List in that year, and an action was brought

³¹ U.S. Department of State, U.S. Embassy, Ottawa, "Ottawa Studies Further International Aviation Liberalization. . . Again (Ottawa 001374)," November 24, 2006.

³² Transport Canada, "Flying The 'Open Skies,'" November 11, 2005.

³³ Ibid.

³⁴ The JCCT serves as a government-to-government consultative mechanism to address bilateral trade issues.

³⁵ President Bush and President Hu created the U.S.-China Strategic Economic Dialogue on September 20, 2006, to create a forum for high-ranking officials to discuss specialized bilateral trade issues and support JCCT and other bilateral diplomatic forums. For more information, see White House, "President's Statement on the Creation of the U.S.-China Strategic Economic Dialogue"; and U.S. Department of the Treasury, "Fact Sheet: Creation of the U.S.-China Strategic Economic Dialogue."

³⁶ USTR, "2008 Special 301 Report."

for dispute settlement to the WTO by the United States for three IPR-related protection and enforcement issues. According to U.S. copyright industries, approximately 85 to 95 percent of their members' copyrighted material sold in China in 2007 was pirated, suggesting no improvements over the year before.³⁷ Moreover, the International Intellectual Property Alliance estimated 2007 losses due to copyright piracy in China at \$2.9 billion, which was 22.4 percent higher than in 2006.³⁸

Despite China's identified IPR violations, the USTR recognized improvement with regard to China's related enforcement measures in 2007. For example, China acceded to the WIPO Internet Treaties, implemented requirements to preinstall computers with licenced operating systems, and increased its antipiracy campaigns and the number of cases in Chinese courts.³⁹ In addition, the U.S.-China "Summer Solstice" investigations between the Federal Bureau of Investigation (FBI) and China's Ministry of Public Security (MPS) resulted in the largest bilateral piracy investigations and prosecutions measures to date.⁴⁰ Through those joint enforcement investigations, more than half a billion dollars worth of counterfeit software disks were seized, and many manufacturing plants in China were discovered and closed.⁴¹

During the December 2007 JCCT meeting, the United States and China agreed to exchange customs seizure information on counterfeit goods to help Chinese authorities identify companies exporting such products from China.⁴² China also agreed to enforce laws pertaining to unlawful use of company names, and to curtail the practice of registering legitimate U.S. trademarks without the appropriate legal authority from the trademark owner. Finally, China eliminated certain regulatory requirements, such as those related to the mandatory provision of seed samples for biotechnology products, which the USTR anticipates will reduce the possibility of illegal copying of patented agricultural materials.

Product Safety

During the 2007 Strategic Economic Dialogue(s), the United States and China signed several agreements aimed at improving safety standards for traded goods, such as toys, fireworks, lighters, electrical products, motor vehicles, and pesticides.⁴³ The signed agreements included the following:

- A memorandum of agreement between the U.S. Department of Health and Human Services and China's General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) aimed at enhancing the safety of food and feed imported from China.⁴⁴

³⁷ Ibid.

³⁸ International Intellectual Property Alliance, "2008 Special 301 Report: People's Republic of China (PRC)."

³⁹ USTR, "2008 Special 301 Report."

⁴⁰ Ibid.; and U.S. Coordination for Intellectual Property Enforcement, "Report to the President and Congress on Coordination of Intellectual Property Enforcement and Protection."

⁴¹ USTR, "2008 Special 301 Report."

⁴² Ibid.

⁴³ U.S. Department of the Treasury, "Joint Fact Sheet: The Third U.S. - China Strategic Economic Dialogue."

⁴⁴ U.S. Department for Health and Human Services, "New Agreement Will Enhance the Safety of Food and Feed Imported from the People's Republic of China."

- An agreement between the U.S. Department of Health and Human Services and China's State Food and Drug Administration aimed at enhancing the regulation and safety of active pharmaceutical ingredients and medical devices imported from China;⁴⁵
- A memorandum of understanding between the U.S. Environmental Protection Agency (EPA) and China's AQSIQ to enhance environmental compliance in traded goods;⁴⁶ and
- Memorandums of understanding between U.S. Treasury and China's AQSIQ to enhance bilateral communication regarding regulatory standards for alcohol and tobacco products.⁴⁷

In addition to these measures, the United States and China agreed to intensify cooperation in areas of product and consumer safety by the next SED meeting, in 2008, through both new and existing mechanisms.⁴⁸

Market Access

During the 2007 U.S.-China JCCT and SED meetings, emphasis was placed on expanding market access in China in both the goods and services sectors.

Goods

Despite the lack of a resolution to open China's market fully to U.S. beef in 2007,⁴⁹ the JCCT and SED meetings made progress with respect to expanding market access for other goods in China. For example, China agreed to eliminate redundancies in testing and certification requirements for imported medical devices, and suspended the implementation of additional regulations.⁵⁰ The U.S. medical device industry estimates that costs associated with such testing redundancies amounted to tens of millions of dollars.⁵¹ For agricultural goods, China allowed six U.S. pork processing facilities to resume their export activities to China, and (as mentioned above in the IP discussion) agreed to remove requirements that forced U.S. companies to submit biotech seeds for redundant testing.⁵²

⁴⁵ Ibid.; and USTR and U.S. Department of Commerce, "Fact Sheet: U.S.-China Joint Commission Commerce and Trade (JCCT)."

⁴⁶ U.S. Embassy, Beijing, "Fact Sheet: The Third U.S.-China Strategic Economic Dialogue."

⁴⁷ U.S. Department of the Treasury, "Joint Fact Sheet: The Third U.S.-China Strategic Economic Dialogue."

⁴⁸ Ibid.

⁴⁹ Congressional Research Service, "China-U.S. Trade Issues."

⁵⁰ USTR, *China: 2008 National Trade Estimate Report of Foreign Trade Barriers*.

⁵¹ U.S. Department of the Treasury, "Joint Fact Sheet: The Third U.S.-China Strategic Economic Dialogue."

⁵² Ibid.

Services

According to the USTR, several of China's WTO membership commitments regarding services sector market access remained incomplete by 2007. Despite some improvements that China made in the wholesale and retail distribution, insurance, architecture, and engineering service sectors, more prominent problems persisted in 2007.⁵³ Among these were limitations of banking sector activities, which inhibited U.S. firms from expanding their domestic currency businesses, and restrictions in the electronic payment sector for money transmission services, which were anticipated to have been lifted by 2007. In addition to not meeting the liberalization schedules put forth in China's WTO accession agreement, the USTR also claimed that in 2007, China imposed excessive capital requirements for insurance, banking, motor vehicle financing, securities and asset management, telecommunications, and construction sector firms.⁵⁴

Global Trade Imbalances and China's Exchange-Rate Regime

The U.S. merchandise trade deficit with China of \$262.1 billion in 2007 grew by \$26.6 billion relative to the year before, and accounted for nearly 29 percent of the 2007 U.S. global trade deficit (up from nearly 26 percent the year before). The magnitude and growth of this bilateral trade deficit, the increasing imbalances in the global economy, and policies limiting the Chinese currency's flexibility all remained as concerns to U.S. policy makers in 2007.⁵⁵

Since China officially ended its exchange rate peg to the U.S. dollar on July 21, 2005, the yuan appreciated by approximately 10 percent in nominal terms by year-end 2007.⁵⁶ China's current exchange rate policy of managing the yuan against a broader set of currencies, while allowing the yuan to fluctuate by as much as 0.3 percent daily against the dollar, has continued since mid-2005.⁵⁷ According to the U.S. Treasury Department, China has reformed its currency market by authorizing non-state banks to administer spot trading⁵⁸ and allowing the yuan-dollar exchange rate to broach progressively higher thresholds.⁵⁹

In the recent JCCT and SED meetings, both the United States and China agreed to work on reducing global imbalances by increasing both domestic consumption and exchange rate flexibility in China, and by promoting higher savings in the United States.⁶⁰

⁵³ USTR, *China: 2008 National Trade Estimate Report of Foreign Trade Barriers*.

⁵⁴ USTR, *2007 Report to Congress on China's WTO Compliance*.

⁵⁵ Congressional Research Service, "China's Currency: A Summary of the Economic Issues."

⁵⁶ Bloomberg, "Yuan Rises Most in Two Weeks; Paulson Defends Currency Policy."

⁵⁷ U.S. Department of Commerce, "Win-Win High Technology Trade With China"; and U.S. Department of Commerce, "Revisions and Clarification of Export and Re-export Controls For the People's Republic of China (PRC); New Authorization Validated End-User."

⁵⁸ In the past, all foreign exchange trading was highly regulated and exclusively run by China's State Administration for Foreign Exchange.

⁵⁹ Based on USITC estimations based on foreign exchange rates provided by the IMF International Financial Statistics database.

⁶⁰ Congressional Research Service, "China's Currency: A Summary of the Economic Issues."

Mexico

Mexico was the third largest single-country U.S. trading partner (based on two-way trade) after Canada and China in 2007. U.S. merchandise exports to Mexico increased by 4.2 percent to \$119.4 billion in 2007, while U.S. merchandise imports from Mexico increased by 6.6 percent to \$210.2 billion. The trade deficit amounted to \$90.8 billion in 2007, increasing from \$82.5 billion in 2006.

In 2007, as in the previous year, machinery and transportation equipment continued to be the largest product group in bilateral trade, of which automotive trade was an important component in both imports and exports. Other leading U.S. exports to Mexico included petroleum oils and computer parts. U.S. exports to Mexico were up in all major SITC product categories (at the 1-digit level) in 2007. Leading U.S. imports from Mexico included petroleum oils and oils obtained from bituminous minerals and motor vehicles. U.S. imports from Mexico also increased in all SITC product categories during the year, except chemicals and related products. Particularly important were the increases in machinery and transportation equipment and mineral fuels—together responsible for a share of more than 80 percent of the 6.6 increase in total U.S. imports from Mexico.⁶¹ U.S.-Mexico merchandise trade data are shown in appendix tables A.30 through A.32.

U.S.-Mexican trade relations are governed in large part by NAFTA, which provides duty-free status for substantially all bilaterally traded goods originating in the United States and Mexico.⁶² There were a number of trade disputes between the United States and Mexico that were the subject of WTO and NAFTA dispute settlement proceedings in 2007.⁶³ The procedural developments in each of these cases are listed in appendix tables A.19 and A.20, respectively. Recent developments in cross-border trucking provisions between Mexico and the United States are summarized below.

Cross-Border Trucking Between the United States and Mexico

From the inception of NAFTA in 1994, two-way merchandise trade between the United States and Mexico has increased at a compound rate of 9.8 percent annually to \$329.5 billion in 2007 from \$97.7 billion in 1994. Most of this trade is carried by commercial trucks.⁶⁴ On September 6, 2007, the U.S. Department of Transportation initiated the

⁶¹ The increase of 8.7 percent in the value of U.S. imports from Mexico of the leading crude oil import in this category—HTS 2709.00.10—was attributable to a 12.7 percent increase in the average unit value of imports as quantity imported actually declined by 3.6 percent in 2007.

⁶² The final merchandise trade provisions of NAFTA were fully implemented on January 1, 2008. USDA, FAS, “North American Free Trade Agreement (NAFTA),” Fact sheet, January 2008. NAFTA is discussed in chap. 4 of this report. Bilateral U.S. trade relations with Canada, the third NAFTA partner, are discussed above.

⁶³ See the section on “Dispute Settlement” in chap. 3 of this report.

⁶⁴ The U.S. Department of Transportation estimated that 75 percent of this trade is carried by commercial trucks. U.S. Department of Transportation, “Cross-Border Truck Safety Inspection Program—Ready to Deliver Long-Distance Cross-Border Trucking,” Fact sheet, February 23, 2007. In 2006, the number of truck crossings into the United States from Mexico was 4.8 million. U.S. Department of Transportation, Federal Motor Carrier Safety Administration (FMCSA), NAFTA Safety Statistics.

Cross-Border Trucking Demonstration Project.⁶⁵ The 1-year demonstration program aims at demonstrating the ability of Mexico-based motor carriers to operate safely in the United States beyond the commercial zones along the U.S.-Mexico border.⁶⁶ The NAFTA cross-border trucking provisions permitted Mexican trucks to obtain operating authority to provide cross-border truck services but implementation has been delayed because of safety concerns.⁶⁷

The demonstration program permits up to 100 Mexico-domiciled motor carriers to operate throughout the United States for one year.⁶⁸ Up to 100 U.S.-domiciled motor carriers will be granted reciprocal rights to operate in Mexico for the same period. Participating Mexican carriers and drivers are required to comply with all applicable U.S. laws and regulations, including those concerned with motor carrier safety, customs, immigration, vehicle registration and taxation, and fuel taxation.⁶⁹ The safety of the participating carriers is being tracked closely by Federal Motor Carrier Safety Administration (FMCSA) and its state partners, a joint U.S.- Mexico monitoring group, and an evaluation panel independent of the U.S. Department of Transportation.⁷⁰

As of February 25, 2008, 16 Mexican carriers with 70 vehicles had participated in the program after being granted provisional operating authority.⁷¹ FMCSA records show 3,680 crossings into the United States by project participants with 247, or 6.7 percent, listing destinations beyond the commercial zone.⁷² About 89 percent of these appear to be to one state—California.⁷³ The Federal Motor Carrier Safety Administration (FMCSA) will provide

⁶⁵ U.S. Department of Transportation, OST, OIG, “Interim Report on NAFTA Cross-border Trucking Demonstration Project,” March 10, 2008. A limited demonstration program to test implementation of the trucking provisions of the NAFTA, supported by Presidents George H.W. Bush and Bill Clinton, was approved by Congress in 1993. U.S. Department of Transportation, “Cross-Border Truck Safety Inspection Program. . .,” Fact sheet, February 23, 2007.

⁶⁶ 72 Fed. Reg. 23883 (May 1, 2007). Since 1982, trucks from Mexico have been able to drive only in the roughly 25-mile commercial zone along the U.S. border and can make deliveries in U.S. cities like San Diego, CA; and El Paso and Brownsville, TX. U.S. Department of Transportation, “Cross Border Truck Safety Inspection Program. . .,” Fact sheet, February 23, 2007.

⁶⁷ In 1995, the NAFTA cross-border provisions permitted Mexican trucks to obtain operating authority to provide cross-border truck services to or from border states (California, Arizona, New Mexico, and Texas); and in 2000, to enter and depart the territory of the United States through different ports of entry. See NAFTA Secretariat, “Legal Texts—North American Free Trade Agreement,” April 28, 2008. Developments in cross-border truck services between the United States and Mexico from 1981 to 2004 are summarized in U.S. Department of Transportation, “Cross-Border Truck Safety Inspection Program. . .,” Fact sheet, February 23, 2007; and USITC, *The Economic Effects of Significant U.S. Import Restraints—Fifth Update 2007*, February 2007, 99. For 2004 to 2007, 72 Fed. Reg. 23883 (May 1, 2007).

⁶⁸ 72 Fed. Reg. 23883 (May 1, 2007); 72 Fed. Reg. 31877 (June 8, 2007); and 72 Fed. Reg. 46263 (August 17, 2007).

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Fewer Mexican carriers than anticipated are participating in the demonstration project. In August 2007, FMCSA estimated that 540 vehicles would be participating in the project if 100 Mexican carriers eventually received provisional authority. FMCSA anticipated granting provisional authority to 25 carriers a month, until 100 were participating. U.S. Department of Transportation, OST, OIG, “Interim Report on NAFTA Cross-border Trucking Demonstration Project,” March 10, 2008.

⁷² Ibid.

⁷³ Ibid.

a final report on the demonstration project to Congress and the Secretary of Transportation 60 days after the conclusion of the demonstration project.⁷⁴

Japan

U.S. merchandise exports to Japan totaled \$58.1 billion in 2007, a 4.5 percent increase from \$55.6 billion in 2006. U.S. merchandise imports from Japan totaled \$144.9 billion in 2007, a 2.1 percent decrease from \$148.1 in 2006. The U.S. merchandise trade deficit with Japan was \$86.8 billion in 2007, which was \$5.6 billion smaller than the year before. Leading U.S. exports to Japan during the year included airplanes and other aircraft, corn, parts of airplanes or helicopters, machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits, and soybeans. Leading U.S. imports from Japan included passenger motor vehicles; parts and accessories of printing machinery; television cameras, digital cameras, and video camera recorders; and gear boxes and parts for motor vehicles. U.S.-Japan merchandise trade data are shown in appendix tables A.33 through A.35.

The U.S.-Japan Economic Partnership for Growth has served as the primary forum for trade and economic dialogue between the two countries since its establishment in 2001. In 2007, discussions under this framework focused on U.S. beef exports to Japan and deregulation of Japan's economy, including economy-wide and sector-specific reforms like certification of communications equipment and air transport restrictions.

Beef

Although Japan lifted its ban on imports of certain U.S. beef products in December 2005, Japan continues to restrict U.S. beef exports by requiring all products be from animals 20 months old or younger because of concerns about BSE.⁷⁵ These restrictions on U.S. beef exports to Japan have had a substantial adverse impact on U.S. beef exports as Japan was the single-largest market for U.S. beef in 2003, prior to the closure of the Japanese market to U.S. beef. Total U.S. exports of beef were \$3.6 billion in 2003 of which \$1.3 billion, or 37.1 percent, went to Japan. In 2007, total U.S. exports of beef were \$2.3 billion, and only \$244 million or 10.8 percent went to Japan.⁷⁶

⁷⁴ U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007. Pub. L. 110-28 (2007), sec. 6901, 121 Stat. 183-185 (May 25, 2007). But see consolidated Appropriations Act, 2008, Pub. L. 110-161, sec. 136, Title I of Div. K, 121 Stat. 2391 (Dec. 26, 2007) (stating that "none of the funds" may be used).

⁷⁵ Japan was one of several countries that banned imports of U.S. beef and beef products in December 2003 after a cow of Canadian origin, found in a U.S. herd, was determined to be infected with BSE. USDA implemented an export verification program in 2006 to identify animals that meet the Japanese age restrictions and ensure that banned Canadian beef did not mix with U.S. beef exported to Japan. USDA, Food Safety and Inspection Service, "Export Requirements for Japan, JA-139 (Apr 23, 2008), Red Meat Export Requirements for Japan," http://www.fsis.usda.gov/Regulations/Japan_requirements/index.asp; and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*.

⁷⁶ Global Trade Atlas.

After the OIE determined the United States to be a “controlled risk” for BSE in May 2007,⁷⁷ the United States subsequently requested that Japan lift the 20-month old or younger age restriction on U.S. beef and beef products given that appropriate risk materials are removed.⁷⁸ In June 2007, Japan ended its policy of 100-percent reinspection of U.S. beef and beef products (replaced with a sampling-based protocol).⁷⁹ This change was expected to result in modest increases in U.S. beef sales to Japan by reducing bottlenecks, although no significant increase in U.S. beef exports occurred in the remainder of 2007.⁸⁰ As of the end of 2007, Japan’s 20-month or younger age restriction was still in place.

Deregulation

During 2007, bilateral dialogue on the deregulation of Japan’s economy continued under a component of the partnership known as the Regulatory Reform and Competition Policy Initiative. Discussions focused on Japan’s 2007 deregulation initiatives and U.S. recommendations for subsequent reform.⁸¹

Japan undertook some cross-sectoral reform initiatives in 2007 in response to U.S. concerns about competitive conditions for U.S. businesses operating in Japan. Among these reform initiatives were changes in laws and regulations concerning public sector contracting aimed at preventing bid rigging, the creation and implementation of new procedures to promote transparency in the regulatory environment, and commercial law and legal system reform designed to open Japan’s economy to more foreign investment and cooperation.⁸² Japan also initiated new programs in conjunction with the U.S. Government to fight counterfeiting and pirating.⁸³

In 2007, Japan also initiated many sector-specific reforms to promote competition. On October 1, 2007, the Japan Post officially started a 10-year privatization process.⁸⁴ Japan stated that Japan Post, which provides banking, insurance, and express delivery services, would operate in a free-market environment with other firms and that the privatization process would be transparent.⁸⁵ Other examples of sector-specific reforms include allowing mobile phone number portability, passing legislation to prohibit recording of movies in

⁷⁷ According to U.S. Secretary of Agriculture Mike Johanns, that classification indicates “that U.S. regulatory controls are effective and that U.S. fresh beef and beef products from cattle of all ages can be safely traded due to our interlocking safeguards.” USDA, Statement by Secretary Mike Johanns Regarding U.S. Classification by OIE,” Release No. 0149.0, May 22, 2007.

⁷⁸ USTR, *2008 Trade Policy Agenda*.

⁷⁹ USDA, FAS, “Statement by Agriculture Secretary Mike Johanns Regarding Progress in Expanding Beef Trade,” USDA Release No. 0165.07, June 13, 2007; and USTR, *2008 Trade Policy Agenda and 2007 Annual Report*.

⁸⁰ USTR, *2008 Trade Policy Agenda*; and Global Trade Atlas.

⁸¹ USTR, “Sixth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative,” Fact Sheet, June 6, 2007; and 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,” October 18, 2007.

⁸² USTR, “Sixth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative,” Fact Sheet, June 6, 2007.

⁸³ *Ibid.*

⁸⁴ USTR, *2008 Trade Policy Agenda and 2007 Annual Report*.

⁸⁵ USTR, “Sixth Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative,” Fact Sheet, June 6, 2007.

movie theaters, and forming a task force to improve reviews of medical device technology upgrades.⁸⁶

The United States and Japan entered into two bilateral regulatory agreements in 2007 designed to promote trade and investment. In February 2007, the United States signed a Mutual Recognition Agreement (MRA) of the Results of Conformity Assessment Procedures for telecommunications equipment. The MRA was signed by the Government of Japan on June 2007. The MRA expanded the acceptance in both the United States and Japan of testing and certification determinations of telecommunications terminal and radio equipment by private-sector entities in both the United States and Japan. The agreement went into force on January 1, 2008.⁸⁷

In September 2007, the United States and Japan reached an agreement to further liberalize air transport relations. The agreement allows U.S. cargo carriers to service the Japanese cities of Osaka and Nagoya directly from the United States. The new agreement also lifts restrictions on airline pricing, expands code-sharing opportunities for passenger and cargo carriers, and eliminates the annual limit on the number of overall U.S.-Japan charter flights.⁸⁸

On October 18, 2007, the United States submitted its annual deregulation reform recommendations to Japan outlining steps that Japan can take to improve “the overall business climate and competitive position for innovators in Japan’s market while expanding opportunities for U.S. exporters.”⁸⁹ The recommendations focused on the telecommunications, information technology, medical devices, pharmaceuticals, and financial services sectors, as well as cross-sectoral issues such as competition policy, commercial law and legal system reform, government transparency, privatization, and distribution issues. Examples of the United States recommendations to the government of Japan include the following: reforming its health-care pricing policies in the medical devices and pharmaceuticals sectors to better reward innovation; continuing deregulation of its telecommunications market; and continuing to improve the efficiency of the distribution system in order to allow traded goods to move more freely through Japanese customs and territory.⁹⁰

Korea

Korea was the fifth largest single-country two-way trading partner of the United States with two-way merchandise trade valued at \$78.4 billion in 2007. U.S. exports to Korea were valued at \$33.0 billion in 2007, an increase of 7.2 percent over 2006. U.S. imports from Korea totaled \$45.4 billion, an increase of 1.5 percent from 2006. The United States

⁸⁶ Ibid.

⁸⁷ USTR, “United States Signs Agreement with Japan to Facilitate Trade in Telecommunications Equipment,” Press Release, February 16, 2007.

⁸⁸ USTR, “U.S.-Japanese Governments Reach Agreement on Air Transportation Liberalization Package,” Press Release, September 14, 2007.

⁸⁹ USTR, “Schwab Urges Japan’s Continued Commitment to Reform—Annual U.S. Reform Recommendations Presented to Japan,” Press Release, October 18, 2007.

⁹⁰ 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,” October 18, 2007.

recorded a \$12.4 billion trade deficit with Korea in 2007. Leading U.S. exports to Korea during the year included aircraft, semiconductor production machinery, and computer chips. Leading U.S. imports from Korea included automobiles, cellular phones, computer parts and accessories (mainly memory modules), and computer chips. U.S.-Korea merchandise trade data are shown in appendix tables A.36 through A.38.

U.S.-Korean trade relations in 2007 were dominated by FTA negotiations and negotiations over the resumption of Korean imports of U.S. beef, which had been suspended in late 2003.

U.S.-Korea FTA

The United States and the Republic of Korea signed a FTA on June 30, 2007, after concluding negotiations in April.⁹¹ The United States-Korea FTA is the “most commercially significant” agreement for the United States since NAFTA.⁹² At the end of 2007, the agreement was pending approval by the U.S. Congress and the Korean National Assembly. Automobiles are a major area of contention for the United States. A number of U.S. automobile manufacturers, union groups, and legislators have publicly opposed the FTA based on their concerns about U.S. access to the Korean market.⁹³ Korea is a major vehicle producer and exporter, but has low levels of import penetration.⁹⁴

Beef

On January 13, 2006, the United States and Korea announced an initial import protocol for the resumption of Korean imports of U.S. beef, which had been suspended in December 2003 after a cow of Canadian origin in Washington State was found to have BSE. On September 7, 2006, three shipments of U.S. beef to Korea following the resumption of imports were rejected by the Korean authorities due to the presence of “bone chips” and further shipments from the United States were effectively suspended.

The United States has urged Korea to recognize guidelines set by the OIE and to reopen its market. On May 22, 2007, the OIE Scientific Commission formally classified the United States as a controlled risk country for BSE, classification that recognizes that U.S. regulatory controls are effective and that U.S. fresh beef and beef products from cattle of all ages can be safely traded.⁹⁵

⁹¹ The U.S.-Korea FTA is described in more detail in chap. 4 of this report.

⁹² USTR, “United States and Korea Conclude Historic Trade Agreement.”

⁹³ *Ibid.*, 85–90.

⁹⁴ The USITC assessed the likely impact of the U.S.-Korea FTA on the U.S. economy as a whole and on specific industry sectors in USITC, *U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects*, September 2007.

⁹⁵ OIE, “Resolution No. XXIV: Recognition of the Bovine Spongiform Encephalopathy Status of Member Countries.”

Taiwan

Taiwan was the ninth largest single-country U.S. trading partner in 2007, based on two-way merchandise trade that amounted to \$62.6 billion. Two-way U.S. merchandise trade flows with Taiwan have exhibited positive growth since 2004, with U.S. exports to Taiwan amounting to \$24.5 billion in 2007, and U.S. imports from Taiwan amounting to \$38.1 billion, resulting in a \$13.5 billion U.S. trade deficit in the same year. Leading U.S. exports to Taiwan in 2007 included digital integrated circuits, semiconductor and flat panel manufacturing and assembly equipment, aircraft, corn, and soybeans. Leading U.S. imports from Taiwan included digital integrated circuits, transmission apparatuses for radiotelephony, reception apparatus for televisions, computer parts, and navigational and remote control radar machines. U.S.-Taiwan merchandise trade data are shown in appendix tables A.39 through A.41.

The Trade and Investment Framework Agreement (TIFA) was established in 1994 as the primary forum in which U.S. and officials from Taiwan could address bilateral trade issues and the promotion of economic cooperation.⁹⁶ During TIFA's sixth session, in July 2007, U.S.-Taiwan negotiations focused on intellectual property rights enforcement and agricultural trade.⁹⁷

Intellectual Property Rights

Taiwan's sustained IPR enforcement measures in 2007 were sufficient to keep the country off USTR's Special 301 Priority Watch List of most egregious IPR violator countries. In December 2004, the USTR moved Taiwan from its Special 301 Priority Watch List to its regular IPR Watch List, following Taiwan's increased efforts to combat domestic IPR violations. According to the USTR, these efforts were sustained in 2007 through such measures as the passage of legislation that established a specialized IPR court, the creation of an IP section at the Special Prosecutor's Office, the imposition of increased penalties for pharmaceutical counterfeiting, as well as higher frequency raids and seizures of pirated optical media, counterfeit pharmaceuticals, and counterfeit luxury goods.⁹⁸ The USTR has also noted that Taiwan's sustained vigilance against intellectual property infringement in 2007 has resulted in more frequent arrests.

Despite Taiwan's 2007 progress in IPR protection and enforcement, the USTR maintained several of its concerns from previous years.⁹⁹ These include the magnitude of counterfeit pharmaceuticals in Taiwan, ongoing Internet piracy, unlawful peer-to-peer downloading, textbook copying at universities, and the lack of sufficient IPR protection for the packaging, configuration, and outward appearance of products (trade dress).

The U.S. Intellectual Property Alliance estimated the 2007 losses to U.S. industries resulting from intellectual property rights violations in Taiwan to have been \$327.8 million.¹⁰⁰ By the first half of FY2007, the value of counterfeit goods from Taiwan seized by U.S.

⁹⁶ American Institute in Taiwan (AIT), "U.S. and Taiwan Enhance Trade Cooperation."

⁹⁷ USTR, "Taiwan: National Trade Estimate Report of Foreign Trade Barriers," 531.

⁹⁸ USTR, "2007 Special 301 Report," 36.

⁹⁹ Ibid.

¹⁰⁰ USTR, "Taiwan: National Trade Estimate Report of Foreign Trade Barriers," 537.

Customs—many of which were transshipped clothing and luxury products from China—has been estimated to have risen to \$2.8 million, compared to \$1.8 million over the course of the entire year in 2006.¹⁰¹

Agriculture

Taiwan remained a significant market for U.S. agriculture in 2007, importing \$2.9 billion of U.S. agricultural products.¹⁰² During that year, agricultural trade negotiations focused on providing U.S. beef and beef product companies with more comprehensive market access, and reforming Taiwan's rice procurement practices.

Beef

In 2007, Taiwan permitted imports of U.S. boneless beef originating from cattle 30 months of age or younger, following the lifting of a ban that precluded such trade the year before.¹⁰³ However, according to the USTR, Taiwan has still not fully opened its market to all U.S. beef and beef products. For example, in 2007, Taiwan still required that specified risk material tissue be removed from cattle 30 months of age or younger, despite the more internationally accepted standard of removing this from cattle over 30 months of age.¹⁰⁴ Moreover, due to sustained concerns over BSE, imports of ruminant and nonruminant products intended for use in animal feed and pet food are still mostly banned in Taiwan.¹⁰⁵ Exceptions to this include certain foreign pet food companies that have been either individually reviewed by Taiwanese officials, or whose plants have been inspected.

According to the USTR, Taiwan's 2007 progress in providing full market access for the entire range of U.S. beef and beef products has not been comprehensive.¹⁰⁶ For example, by mid-2007, the United States was still requesting that Taiwan's import practices and classifications of U.S. ruminant and non-ruminant products remain consistent with guidelines set forth by the World Organization for Animal Health. Also, the United States requested that Taiwan complete its regulatory review process of BSE-related imports of U.S. beef and beef products.

The reopening of Taiwan's market to U.S. beef exports in January 2006 followed official decisions by the Japanese, Hong Kong, and South Korean governments to reinstate their respective beef trade with the United States.¹⁰⁷ In 2003, before the impositions of any of the bans, the United States exported \$70 million worth of fresh/chilled and frozen beef.¹⁰⁸ By

¹⁰¹ Ibid.

¹⁰² USDA, FAS, *FAS Online Database*.

¹⁰³ USTR, "Taiwan: National Trade Estimate Report of Foreign Trade Barriers," 532.

¹⁰⁴ Ibid.

¹⁰⁵ The ruminant and nonruminant products intended to use for animal feed and pet food include tallow (including protein free tallow), lard, poultry, and porcine meal.

¹⁰⁶ USTR, "Taiwan: National Trade Estimate Report of Foreign Trade Barriers," 532.

¹⁰⁷ U.S. Department of State, "Taiwan Profile."

¹⁰⁸ USITC Dataweb, accessed March 29, 2008.

2006 and 2007, U.S. exports of fresh/chilled and frozen beef to Taiwan amounted to \$101 and \$107 million, respectively.¹⁰⁹

Rice

Taiwan implemented a country-specific quota (CSQ) for public-sector rice imports in 2007 after receiving certification from the WTO on modifications and rectifications to its existing TRQ import regime on June 22 of that year.¹¹⁰ This measure is one of several policy changes that have been implemented over the past few years by Taiwan. Prior to its accession to the WTO, Taiwan banned rice imports altogether, and in 2003, changed its minimum access agreement to a TRQ.¹¹¹ According to the USTR, Taiwan made progress towards addressing rice procurement concerns in 2007, but U.S. companies' ability to win bids has remained inhibited by price ceilings imposed in Taiwan since 2005.¹¹²

U.S. exports of rice to Taiwan amounted to \$36 million in 2007, compared to \$19 million in 2006. The growth was mostly attributable to surges in U.S. exports of medium-grain husked brown rice.¹¹³

India

In 2007, India was the 17th leading U.S. trading partner (based on two-way trade of exports and imports). U.S. two-way trade with India totaled \$40.2 billion in 2007. U.S. exports to India grew by 80.7 percent to \$16.3 billion in 2007, after increasing by 29.6 percent in 2006. Much of this increase was accounted for by U.S. exports of aircraft that increased from \$467.6 million in 2005 to \$5.7 billion in 2007 to account for 34.8 percent of total U.S. exports to India in 2007. In 2007, the Boeing Company delivered 36 commercial aircraft (mostly 737 and 777 models) valued at nearly \$5.5 billion to India's various airlines.

In 2007, U.S. imports from India increased by 10.1 percent to \$23.9 billion, after increasing by 15.8 percent in 2006. The United States recorded a \$7.5 billion trade deficit with India in 2007, compared to \$12.6 billion in 2006. In 2007, nonindustrial diamonds and jewelry accounted for 24.7 percent of total U.S. imports from India. Leading U.S. exports to India during the year included aircraft, fertilizers, nonindustrial diamonds, and nonmonetary gold. Leading U.S. imports from India include nonindustrial diamonds; articles of jewelry and parts of precious metals (excluding silver); women's or girls' cotton blouses, shirts, and shirt blouses (not knitted or crocheted); oils and preparations from petroleum oils; men's or boys' cotton shirts (not knitted or crocheted); and shrimp and prawns. U.S.-India merchandise trade data are shown in appendix tables A.42 through A.44.

¹⁰⁹ Ibid.

¹¹⁰ USDA, "GAIN Report, Public Rice Tender for 2007 Import Quotas," November 11, 2007.

¹¹¹ USTR, "Taiwan: National Trade Estimate Report of Foreign Trade Barriers," 532.

¹¹² Ibid., p. 533.

¹¹³ USITC, Dataweb (accessed March 20, 2008).

Trade Dialogue

The U.S.-India Trade Policy Forum (TPF) serves as the primary forum for trade and economic dialogue between the two countries.¹¹⁴ Established in 2005, the TPF is a key element of the U.S.-India Economic Dialogue and is co-chaired by the United States Trade Representative and India's Minister of Commerce and Industry. The TPF was created to help facilitate and promote bilateral trade and investment, and discuss other bilateral trade and multilateral issues such as the ongoing WTO DDA negotiations. The TPF serves as a venue for discussions in five key areas: tariff and nontariff barriers, agriculture, investment, services, and innovation and creativity.¹¹⁵ The fourth ministerial-level meeting was held in April 2007 in New Delhi, India, where discussions covered issues such as U.S. almonds, U.S. pulses, Indian mangoes, and Indian organic products.¹¹⁶

Also in April 2007, the two governments announced the formation of the Private Sector Advisory Group (PSAG), a senior-level advisory group made up of private sector trade experts from corporations, associations, think tanks, and other organizations.¹¹⁷ PSAG's principal function is to assist and provide the TPF with strategic direction to enhance U.S.-India economic integration over the next 5 to 10 years. The PSAG first met in New York City, USA, in September 2007, and then again in December 2007 when it presented a Vision Statement to the TPF on key policy areas including a bilateral investment treaty, the advancement of sectoral openings and regulatory cooperation, IPR protection, and the promotion of technology transfer.¹¹⁸

Mangoes

In 2005, the United States and India signed a bilateral agreement permitting India to export mangoes to the United States, ending an 18-year trade dispute concerning health and sanitary problems involving pests.¹¹⁹ On March 12, 2007, the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) amended its fruit and vegetable regulations to allow the importation of fresh Indian mangoes into the United States. To eliminate the risk of pests, such as fruit flies and weevils, Indian mangoes are required to undergo irradiation at an APHIS certified facility before entering the United States.¹²⁰ Indian mangoes are the first fruit irradiated in a foreign country and approved for importation into the United States.¹²¹ Each shipment must also be accompanied by a

¹¹⁴ USDA, FAS, "U.S.-India Trade Relations."

¹¹⁵ GOI, Department of Commerce and Industry, "India and US Discuss Key Trade Issues Kamal Nath and Susan Schwab Commit to Expand Opportunities for Bilateral Trade and Investment," June 23, 2006.

¹¹⁶ USDA, FAS, "U.S.-India Agricultural Cooperation: A New Beginning," September 2006.

¹¹⁷ USDA, FAS, "U.S.-India Trade Relations."

¹¹⁸ USTR, "U.S.-India Private Sector Advisory Group Meets in New York," September 24, 2007.

¹¹⁹ USITC, *The Year in Trade 2006: Operations of the Trade Agreement Program—58th Report*, 2005, 5-33.

¹²⁰ USDA, APHIS, "USDA to Allow Mango Imports from India," March 13, 2007.

¹²¹ APHIS approved the use of irradiation as a quarantine treatment for fruits and vegetables in October 2002. APHIS published another rule in January 2006 approving a minimum generic dose (400 gray) of irradiation for imported fruits and vegetables. Until the availability of this generic dose, the pests associated with the mangoes, specifically the mango seed weevil and the mango pulp weevil, could not be mitigated with any other APHIS-approved treatments. USDA, APHIS, "Questions and Answers: Importing Indian Mangoes into the United States,"

phytosanitary certificate issued by India's national plant protection organization. On May 1, 2007, the first consignment of 150 boxes of King Alphonso and Kessar mangoes from India arrived in the United States.¹²² The United States is the world's largest importer of mangoes, and imports from Mexico and South America currently account for 99 percent of the 250,000 metric tons of mangoes consumed in the United States each year.

Alcoholic beverages

On March 6, 2007, the United States requested WTO consultations with India concerning duties that India applies to imports of wines, distilled spirits, and other imports from the United States, as mentioned in Chapter 3.¹²³ In addition to a basic customs duty, India imposes an "additional duty" and an "extra-additional duty" on imported wines and spirits.

India's additional duty on imported wine and beer ranges from 20 to 75 percent ad valorem and from 25 to 150 percent ad valorem for imported distilled spirits. In addition, India applies an extra-additional duty of 4 percent ad valorem on imported wine and spirits from the United States. These additional duties have the effect of increasing the cumulative duty rate to between 264 percent and 550 percent ad valorem. India also applies these duties to other imports from the United States including milk, raisins, and orange juice. These duties, in some cases, can exceed India's WTO bound tariff rates. The United States and India held WTO dispute settlement consultations on April 13, 2007, without resolving the dispute. On May 25, 2007, the United States requested that the WTO establish a dispute settlement panel regarding India's ordinary customs duties on these products.

In July 2007, India announced the withdrawal of the additional duty on beer, wine, and distilled spirits (alcoholic beverages).¹²⁴ A panel was composed in July 2007, and in December 2007, the panel chair announced that because of the complexity of the case, a ruling would be postponed to March 2008.¹²⁵

¹²¹ (...continued)

http://www.aphis.usda.gov/publications/plant_health/content/printable_version/faq_imp_indian_mango.pdf.

¹²² USDA, APHIS, "USDA to Allow Mango Imports from India," March 13, 2007; and USTR, "U.S.-India Agreement Brings Indian Mangoes into United States."

¹²³ The "additional duty" is calculated in addition to, and after applying, India's basic customs duties. The "extra-additional duty" is calculated in addition to, and after applying, India's basic customs duties as well as the additional duty. India alleges that these additional duties are designed to offset certain internal Indian taxes such as state-level value-added tax, central government sales taxes, and other taxes. India also alleged that these duties also apply to Indian wines and spirits sold across state lines within India. WTO, "Dispute Settlement: Dispute DS360: India—Additional and Extra-additional Duties on Imports from the United States," accessed April 15, 2008; and USTR, "United States Files WTO Case Against India Challenging Excessive Duties on U.S. Wine and Spirits," March 6, 2007.

¹²⁴ USTR, "Statement by USTR Susan C. Schwab on India's Withdrawal of the Additional Duty on Beer, Wine, and Distilled Spirits," July 6, 2007.

¹²⁵ WTO, "India - Additional and Extra-Additional Duties on Imports from the United States," DS360, Summary up to date, January 22, 2008.

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APPENDIX TABLES

TABLE A.1 U.S. merchandise trade with world, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
Exports:					
0	Food and live animals.	46,380.7	52,174.5	65,966.1	26.4
1	Beverages and tobacco.	4,331.1	4,911.5	5,112.6	4.1
2	Crude materials, inedible, except fuels.	40,196.8	49,243.8	61,342.3	24.6
3	Mineral fuels, lubricants and related materials.	26,240.2	34,733.2	41,456.5	19.4
4	Animal and vegetable oils, fats and waxes.	1,765.7	1,984.9	2,887.4	45.5
5	Chemicals and related products, n.e.s.	119,476.4	135,051.3	154,183.8	14.2
6	Manufactured goods classified chiefly by material.	77,304.2	90,260.1	98,289.4	8.9
7	Machinery and transport equipment.	367,483.3	423,845.4	462,699.5	9.2
8	Miscellaneous manufactured articles	88,791.5	99,475.4	107,227.0	7.8
9	Commodities and transactions not classified elsewhere in the SITC.	32,022.1	37,806.0	47,192.9	24.8
	Total all exports commodities.	803,991.9	929,486.0	1,046,357.6	12.6
Imports:					
0	Food and live animals.	51,343.6	56,013.7	60,775.3	8.5
1	Beverages and tobacco.	13,484.0	15,348.2	16,754.0	9.2
2	Crude materials, inedible, except fuels.	30,162.9	32,820.1	33,067.9	0.8
3	Mineral fuels, lubricants and related materials.	271,244.0	315,706.8	340,461.7	7.8
4	Animal and vegetable oils, fats and waxes.	2,399.7	2,854.4	3,439.7	20.5
5	Chemicals and related products, n.e.s.	134,377.1	149,566.7	162,850.1	8.9
6	Manufactured goods classified chiefly by material.	190,485.1	222,810.2	226,704.3	1.7
7	Machinery and transport equipment.	649,335.9	708,611.3	739,143.3	4.3
8	Miscellaneous manufactured articles.	258,809.2	275,580.4	292,897.0	6.3
9	Commodities and transactions not classified elsewhere in the SITC.	60,738.2	65,741.3	66,769.6	1.6
	Total all imports commodities.	1,662,379.7	1,845,053.2	1,942,862.9	5.3

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.2 U.S. private services exports to the world, by category, 2005–07

Service industry	2005	2006	2007	Percent change 2006–07
	<i>Million dollars</i>			
Travel.	81,799	85,694	97,097	13.3
Royalties and license fees.	59,409	62,378	71,345	14.4
Business, professional, and technical services.	41,874	47,400	56,122	18.4
Financial services.	31,039	37,114	45,309	22.1
Port services.	24,865	29,031	32,368	11.5
Passenger fares.	20,970	22,187	25,329	14.2
Freight.	16,470	17,266	19,486	12.9
Education.	14,076	14,570	14,987	2.9
Insurance services.	7,787	9,276	10,490	13.1
Telecommunications.	5,231	6,257	7,110	13.6
All other.	64,293	73,154	82,591	12.9
Total.	367,813	404,327	462,234	14.3

Source: USDOC, BEA, "Private Services Transactions," Table 3, from Interactive U.S. International Accounts Data, available at <http://www.bea.gov> (accessed March 21, 2008).

Note: Data are preliminary.

TABLE A.3 U.S. private services imports from the world, by category, 2005–07

Service industry	2005	2006	2007	Percent change
				2006-07
	<i>Million dollars</i>			
Travel.	68,970	72,029	76,426	6.1
Freight.	43,920	45,700	45,632	-0.1
Insurance services.	28,540	33,582	38,030	13.2
Passenger fares.	26,149	27,503	28,574	3.9
Royalties and license fees.	24,632	26,432	27,924	5.6
Port services.	18,009	19,582	21,462	9.6
Business, professional, and technical services.	14,824	15,845	21,215	33.9
Financial services.	6,720	8,497	11,840	39.3
Telecommunications.	4,527	4,557	4,899	7.5
Education.	3,962	4,403	4,780	8.6
All other.	41,354	49,640	54,521	9.8
Total.	281,607	307,770	335,303	8.9

Source: USDOC, BEA, "Private Services Transactions," Table 3, from Interactive U.S. International Accounts Data, available at <http://www.bea.gov> (accessed March 21, 2008).

Note: Data are preliminary.

TABLE A.4 Antidumping cases active in 2007, by USITC investigation number

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ^a prelim	ITA final	USITC final	Date of final action ^b
731-TA-1103	Certain activated carbon	China	03/08/06	A	A	A	A	04/16/07
731-TA-1104	Polyester staple fiber	China	06/23/06	A	A	A	A	05/24/07
731-TA-1105	Lemon juice	Argentina	09/21/06	A	A	(^c)	(^c)	09/10/07
731-TA-1106	Lemon juice	Mexico	09/21/06	A	A	(^c)	(^c)	09/10/07
731-TA-1107	Coated free sheet paper	China	10/31/06	A	A	A	N	12/06/07
731-TA-1108	Coated free sheet paper	Indonesia	10/31/06	A	A	A	N	12/06/07
731-TA-1109	Coated free sheet paper	Korea	10/31/06	A	A	A	N	12/06/07
731-TA-1110	Sodium hexametaphosphate	China	02/08/07	A	A	(^d)	(^d)	(^d)
731-TA-1111	Glycine	India	03/30/07	A	A	(^d)	(^d)	(^d)
731-TA-1112	Glycine	Japan	03/30/07	A	A	A	(^d)	(^d)
731-TA-1113	Glycine	Korea	03/30/07	A	A	A	(^d)	(^d)
731-TA-1114	Certain steel nails	China	05/29/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1115	Certain steel nails	UAE	05/29/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1116	Circular welded carbon-quality steel pipe	China	06/07/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1117	Certain off-the-road tires	China	06/18/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1118	Light-walled rectangular pipe and tube	China	06/27/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1119	Light-walled rectangular pipe and tube	Korea	06/27/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1120	Light-walled rectangular pipe and tube	Mexico	06/27/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1121	Light-walled rectangular pipe and tube	Turkey	06/27/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1122	Laminated woven sacks	China	06/28/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1123	Steel wire garment hangers	China	07/31/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1124	Electrolytic manganese dioxide	Australia	08/22/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1125	Electrolytic manganese dioxide	China	08/22/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1126	Certain lightweight thermal paper	China	09/19/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1127	Certain lightweight thermal paper	Germany	09/19/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1128	Certain lightweight thermal paper	Korea	09/19/07	N	(^d)	(^d)	(^d)	11/27/07
731-TA-1129	Raw flexible magnets	China	09/21/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1130	Raw flexible magnets	Taiwan	09/21/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1131	PET film	Brazil	09/28/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1132	PET film	China	09/28/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1133	PET film	Thailand	09/28/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1134	PET film	UAE	09/28/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1135	Sodium metal	France	10/23/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1136	Sodium nitrite	China	11/08/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1137	Sodium nitrite	Germany	11/08/07	A	(^d)	(^d)	(^d)	(^d)
731-TA-1138	ATMP/HEDP	China	12/31/07	(^d)	(^d)	(^d)	(^d)	(^d)
731-TA-1139	ATMP/HEDP	India	12/31/07	(^d)	(^d)	(^d)	(^d)	(^d)
731-TA-1140	Uncovered innerspring units	China	12/31/07	(^d)	(^d)	(^d)	(^d)	(^d)
731-TA-1141	Uncovered innerspring units	South Africa	12/31/07	(^d)	(^d)	(^d)	(^d)	(^d)
731-TA-1142	Uncovered innerspring units	Vietnam	12/31/07	(^d)	(^d)	(^d)	(^d)	(^d)

Source: U.S. International Trade Commission.

Note: UAE stands for the United Arab Emirates.

^a International Trade Administration, U.S. Department of Commerce.

^b 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 USITC, the date of the USITC notification of Commerce is shown.

^c The parties and the U.S. Department of Commerce signed an agreement suspending the investigation.

^d Pending as of Dec. 31, 2007.

^e Not applicable.

TABLE A.5 Antidumping duty orders in effect as of December 31, 2007

Country	Commodity	Effective date of original action
Argentina:	Honey	Dec. 10, 2001
	Barbed wire and barbless wire strand	Nov. 13, 1985
Belarus:	Steel concrete reinforcing bars	Sept. 7, 2001
Belgium:	Stainless steel plate in coils	May 21, 1999
Brazil:	Certain orange juice	Mar. 9, 2006
	Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
	Prestressed concrete steel wire strand	Jan. 28, 2004
	Carbon and certain alloy steel wire rod	Oct. 29, 2002
	Hot-rolled carbon steel flat products	July 6, 1999
	Stainless steel bar	Feb. 21, 1995
	Silicomanganese	Dec. 22, 1994
	Circular welded non-alloy steel pipe	Nov. 2, 1992
	Carbon steel butt-weld pipe fittings	Dec. 17, 1986
	Iron construction castings	May 9, 1986
Canada:	Carbon and certain alloy steel wire rod	Oct. 29, 2002
	Iron construction castings	Mar. 5, 1986
Chile:	Preserved mushrooms	Dec. 2, 1998
China:	Certain polyester staple fiber	June 1, 2007
	Certain activated carbon	April 27, 2007
	Certain lined paper school supplies	Sept. 28, 2006
	Artist' canvas	June 1, 2006
	Chlorinated isocyanurates	June 24, 2005
	Magnesium	April 15, 2005
	Tissue paper	Mar. 30, 2005
	Frozen or canned warmwater shrimp and prawns	Feb. 1, 2005
	Crepe paper	Jan. 25, 2005
	Wooden bedroom furniture	Jan. 4, 2005
	Carbazole violet pigment 23	Dec. 29, 2004
	Hand trucks	Dec. 2, 2004
	Polyethylene retail carrier bags	Aug. 9, 2004
	Ironing tables	Aug. 6, 2004
	Tetrahydrofurfuryl alcohol	Aug. 6, 2004
	Color television receivers	June 3, 2004
	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

TABLE A.5–Continued

Country	Commodity	Effective date of original action
<i>China–Continued</i>		
	Non-malleable cast iron pipe fittings	Apr. 7, 2003
	Ferrovandium	Jan. 28, 2003
	Folding metal tables and chairs	June 27, 2002
	Folding gift boxes	Jan. 8, 2002
	Honey	Dec. 10, 2001
	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
	Non-frozen apple juice concentrate	June 5, 2000
	Preserved mushrooms	Feb. 19, 1999
	Carbon steel plate	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
	Cased pencils	Dec. 28, 1994
	Silicomanganese	Dec. 22, 1994
	Paper clips	Nov. 25, 1994
	Fresh garlic	Nov. 16, 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
	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
	Greige polyester cotton printcloth	Sept. 16, 1983
Finland:		
	Carboxymethylcellulose	July 11, 2005
France:		
	Stainless steel bar	Mar. 7, 2002
	Low enriched uranium	Feb. 13, 2002
	Ball bearings	May 15, 1989

TABLE A.5—Continued

Country	Commodity	Effective date of original action
France—Continued	Brass sheet and strip	Mar. 6, 1987
	Sorbitol	Apr. 9, 1982
Germany:		
	Stainless steel bar	Mar. 7, 2002
	Stainless steel sheet and strip	July 27, 1999
	Seamless pipe	Aug. 3, 1995
	Corrosion-resistant carbon steel flat products	Aug. 19, 1993
	Ball bearings	May 15, 1989
	Brass sheet and strip	Mar. 6, 1987
Hungary:		
	Sulfanilic acid	Nov. 8, 2002
India:		
	Certain lined paper school supplies	Sept. 28, 2006
	Frozen or canned warm-water shrimp and prawns	Feb. 1, 2005
	Carbazole violet pigment 23	Dec. 29, 2004
	Prestressed concrete steel wire strand	Jan. 28, 2004
	Polyethylene terephthalate (PET) film	July 1, 2002
	Silicomanganese	May 23, 2002
	Hot-rolled carbon steel flat 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:		
	Certain lined paper school supplies	Sept. 28, 2006
	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
	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
	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

TABLE A.5–Continued

Country	Commodity	Effective date of original action
Japan:	Superalloy degassed chromium	Dec. 22, 2005
	Ceramic station post insulators	Dec. 30, 2003
	Polyvinyl alcohol	July 2, 2003
	Welded large diameter line pipe	Dec. 6, 2001
	Tin- and chromium-coated steel sheet	Aug. 28, 2000
	Large diameter seamless pipe	June 26, 2000
	Small diameter seamless pipe	June 26, 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
	Stainless steel bar	Feb. 21, 1995
	Gray portland cement and clinker	May 10, 1991
	Ball bearings	May 15, 1989
	Granular polytetrafluoroethylene resin	Aug. 24, 1988
	Brass sheet and strip	Aug. 12, 1988
	Stainless steel butt-weld pipe fittings	Mar. 25, 1988
	Carbon steel butt-weld pipe fittings	Feb. 10, 1987
	Prestressed concrete steel wire strand	Dec. 8, 1978
	Polychloroprene rubber	Dec. 6, 1973
Kazakhstan:		
	Silicomanganese	May 23, 2002
Korea:		
	Prestressed concrete steel wire strand	Jan. 28, 2004
	Polyvinyl alcohol	Oct. 1, 2003
	Stainless steel bar	Mar. 7, 2002
	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
	Corrosion-resistant carbon steel flat products	Aug. 19, 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
	Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Latvia:		
	Steel concrete reinforcing bars	Sept. 7, 2001
Malaysia:		
	Polyethylene retail carrier bags	Aug. 9, 2004
	Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Mexico:		
	Lemon juice (suspended)	Sept. 21, 2007
	Carboxymethylcellulose	July 11, 2005
	Prestressed concrete steel wire strand	Jan. 28, 2004

TABLE A.5–Continued

Country	Commodity	Effective date of original action
<i>Mexico–Continued</i>		
	Carbon and certain alloy steel wire rod	Oct. 29, 2002
	Stainless steel sheet and strip	July 27, 1999
	Fresh tomatoes (suspended)	Nov. 1, 1996
	Circular welded non-alloy steel pipe	Nov. 2, 1992
	Gray portland cement and clinker	Aug. 30, 1990
Moldova:	Carbon and certain alloy steel wire rod	Oct. 29, 2002
	Steel concrete reinforcing bars	Sept. 7, 2001
Netherlands:	Carboxymethylcellulose	July 11, 2005
Norway:	Fresh and chilled Atlantic salmon	Apr. 12, 1991
Philippines:	Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Poland:	Steel concrete reinforcing bars	Sept. 7, 2001
Portugal:	Sulfanilic acid	Nov. 8, 2002
Romania:	Small diameter seamless pipe	Aug. 10, 2000
Russia:	Magnesium	April 15, 2005
	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
South Africa:	Ferrovandium	Jan. 28, 2003
	Stainless steel plate in coils	May 21, 1999
Spain:	Chlorinated isocyanurates	June 24, 2005
	Stainless steel wire rod	Sept. 15, 1998
	Stainless steel bar	Mar. 2, 1995
Sweden:	Carboxymethylcellulose	July 11, 2005
Taiwan:	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

TABLE A.5—Continued

Country	Commodity	Effective date of original action
<i>Taiwan—Continued</i>		
	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 pipe	Mar. 27, 1989
	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
Thailand:		
	Frozen or canned warm-water shrimp and prawns	Feb. 1, 2005
	Polyethylene retail carrier bags	Aug. 9, 2004
	Prestressed concrete steel wire strand	Jan. 28, 2004
	Hot-rolled carbon steel flat products	Nov. 29, 2001
	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
	Welded carbon steel pipe	May 15, 1986
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
	Ball bearings	May 15, 1989
Venezuela:		
	Silicomanganese	May 23, 2002
Vietnam:		
	Frozen or canned warm-water shrimp and prawns	Feb. 1, 2005
	Frozen fish fillets	Aug. 12, 2003

Source: U.S. International Trade Commission.

TABLE A.6 Countervailing duty cases active in 2007, by USITC investigation number

USITC investigation number	Product	County of origin	Date of institution	USITC		Date of final action ^b
				prelim	final	
701-TA-444	Coated free sheet paper	China	10/31/06	A	A	12/06/07
701-TA-445	Coated free sheet paper	Indonesia	10/31/06	A	A	12/06/07
701-TA-446	Coated free sheet paper	Korea	10/31/06	A	A	12/06/07
701-TA-447	Circular welded carbon-quality steel pipe	China	06/07/07	A	(^c)	(^c)
701-TA-448	Certain off-the-road tires	China	06/18/07	A	(^c)	(^c)
701-TA-449	Light-walled rectangular pipe and tube	China	06/27/07	A	(^c)	(^c)
701-TA-450	Laminated woven sacks	China	06/28/07	A	(^c)	(^c)
701-TA-451	Certain lightweight thermal paper	China	09/19/07	A	(^c)	(^c)
701-TA-452	Raw flexible magnets	China	09/21/07	A	(^c)	(^c)
701-TA-453	Sodium nitrite	China	11/08/07	A	(^c)	(^c)

Source: U.S. International Trade Commission.

^a International Trade Administration, U.S. Department of Commerce.

^b The date of the USITC notification of Commerce is shown.

^c Pending as of Dec. 31, 2007.

TABLE A.7 Countervailing duty orders in effect as of December 31, 2007

Country	Commodity	Effective date of original action
Argentina:	Honey	Dec. 10, 2001
Belgium:	Stainless steel plate in coils	May 11, 1999
Brazil:	Carbon and certain alloy steel wire rod	Oct. 22, 2002
	Hot-rolled carbon steel flat products	July 6, 1999
	Heavy iron construction castings	May 15, 1986
Hungary:	Sulfanilic acid	Nov. 8, 2002
India:	Certain lined paper school supplies	Sept. 28, 2006
	Carbazole violet pigment 23	Dec. 29, 2004
	Prestressed concrete steel wire strand	Feb. 4, 2004
	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:	Certain lined paper school supplies	Sept. 28, 2006
	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
	Pasta	July 24, 1996
Korea:	DRAMs and DRAM modules	Aug. 11, 2003
	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
Norway:	Fresh and chilled Atlantic salmon	Apr. 12, 1991
South Africa:	Stainless steel plate in coils	May 11, 1999
Thailand:	Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	Pasta	July 24, 1996
	Welded carbon steel pipe	Mar. 7, 1986

Source: U.S. International Trade Commission.

TABLE A.8 Reviews of existing antidumping and countervailing duty orders completed in 2007 by date of completion

USITC investigation number	Product	Country of origin	Completion date ^a	Action
731-TA-678	Stainless steel bar	Brazil	01/05/07	Continued
731-TA-679	Stainless steel bar	India	01/05/07	Continued
731-TA-681	Stainless steel bar	Japan	01/05/07	Continued
731-TA-682	Stainless steel bar	Spain	01/05/07	Continued
AA1921-197	Certain carbon steel products	Taiwan	01/25/07	Revoked
701-TA-319	Certain carbon steel products	Belgium	01/25/07	Revoked
701-TA-320	Certain carbon steel products	Brazil	01/25/07	Revoked
701-TA-325	Certain carbon steel products	Mexico	01/25/07	Revoked
701-TA-326	Certain carbon steel products	Spain	01/25/07	Revoked
701-TA-327	Certain carbon steel products	Sweden	01/25/07	Revoked
701-TA-348	Certain carbon steel products	France	01/25/07	Revoked
701-TA-350	Certain carbon steel products	Korea	01/25/07	Continued
731-TA-573	Certain carbon steel products	Belgium	01/25/07	Revoked
731-TA-574	Certain carbon steel products	Brazil	01/25/07	Revoked
731-TA-576	Certain carbon steel products	Finland	01/25/07	Revoked
731-TA-578	Certain carbon steel products	Germany	01/25/07	Revoked
731-TA-582	Certain carbon steel products	Mexico	01/25/07	Revoked
731-TA-583	Certain carbon steel products	Poland	01/25/07	Revoked
731-TA-584	Certain carbon steel products	Romania	01/25/07	Revoked
731-TA-585	Certain carbon steel products	Spain	01/25/07	Revoked
731-TA-586	Certain carbon steel products	Sweden	01/25/07	Revoked
731-TA-587	Certain carbon steel products	United Kingdom	01/25/07	Revoked
731-TA-612	Certain carbon steel products	Australia	01/25/07	Revoked
731-TA-614	Certain carbon steel products	Canada	01/25/07	Revoked
731-TA-615	Certain carbon steel products	France	01/25/07	Revoked
731-TA-616	Certain carbon steel products	Germany	01/25/07	Continued
731-TA-617	Certain carbon steel products	Japan	01/25/07	Revoked
731-TA-618	Certain carbon steel products	Korea	01/25/07	Continued
731-TA-739	Clad steel plate	Japan	03/01/07	Continued
731-TA-895	Pure magnesium	China	03/01/07	Continued
731-TA-706	Canned pineapple fruit	Thailand	03/29/07	Continued
731-TA-921	Folding gift boxes	China	04/30/07	Continued
731-TA-707	Seamless pipe	Argentina	05/02/07	Revoked
731-TA-708	Seamless pipe	Brazil	05/02/07	Revoked
731-TA-709	Seamless pipe	Germany	05/02/07	Continued
731-TA-711	Oil country tubular goods	Argentina	06/18/07	Revoked
731-TA-713	Oil country tubular goods	Italy	06/18/07	Revoked
731-TA-714	Oil country tubular goods	Japan	06/18/07	Revoked
731-TA-715	Oil country tubular goods	Korea	06/18/07	Revoked
731-TA-716	Oil country tubular goods	Mexico	06/18/07	Revoked
731-TA-894	Ammonium nitrate	Ukraine	06/19/07	Continued
701-TA-402	Honey	Argentina	06/29/07	Continued
731-TA-892	Honey	Argentina	06/29/07	Continued
731-TA-893	Honey	China	06/29/07	Continued
731-TA-873	Steel concrete reinforcing bar	Belarus	07/26/07	Continued
731-TA-874	Steel concrete reinforcing bar	China	07/26/07	Continued
731-TA-875	Steel concrete reinforcing bar	Indonesia	07/26/07	Continued
731-TA-877	Steel concrete reinforcing bar	Korea	07/26/07	Revoked
731-TA-878	Steel concrete reinforcing bar	Latvia	07/26/07	Continued
731-TA-879	Steel concrete reinforcing bar	Moldova	07/26/07	Continued
731-TA-880	Steel concrete reinforcing bar	Poland	07/26/07	Continued
731-TA-882	Steel concrete reinforcing bar	Ukraine	07/26/07	Continued
701-TA-365	Pasta	Italy	09/27/07	Continued
701-TA-366	Pasta	Turkey	09/27/07	Continued
731-TA-734	Pasta	Italy	09/27/07	Continued
731-TA-735	Pasta	Turkey	09/27/07	Continued
731-TA-932	Folding metal tables and chairs	China	09/28/07	Continued
731-TA-919	Welded large diameter line pipe	Japan	10/16/07	Continued
731-TA-920	Welded large diameter line pipe	Mexico	10/16/07	Revoked

Table A.8—Continued

USITC				
investigation				
number	Product	Country of origin	Completion date ^a	Action
701-TA-404	Hot-rolled steel products	Argentina	10/25/07	Revoked
701-TA-405	Hot-rolled steel products	India	10/25/07	Continued
701-TA-406	Hot-rolled steel products	Indonesia	10/25/07	Continued
701-TA-407	Hot-rolled steel products	South Africa	10/25/07	Revoked
701-TA-408	Hot-rolled steel products	Thailand	10/25/07	Continued
731-TA-898	Hot-rolled steel products	Argentina	10/25/07	Revoked
731-TA-899	Hot-rolled steel products	China	10/25/07	Continued
731-TA-900	Hot-rolled steel products	India	10/25/07	Continued
731-TA-901	Hot-rolled steel products	Indonesia	10/25/07	Continued
731-TA-902	Hot-rolled steel products	Kazakhstan	10/25/07	Revoked
731-TA-904	Hot-rolled steel products	Romania	10/25/07	Revoked
731-TA-905	Hot-rolled steel products	South Africa	10/25/07	Revoked
731-TA-906	Hot-rolled steel products	Taiwan	10/25/07	Continued
731-TA-907	Hot-rolled steel products	Thailand	10/25/07	Continued
731-TA-908	Hot-rolled steel products	Ukraine	10/25/07	Continued
731-TA-929	Silicomanganese	India	11/28/07	Continued
731-TA-930	Silicomanganese	Kazakhstan	11/28/07	Continued
731-TA-931	Silicomanganese	Venezuela	11/28/07	Continued
731-TA-909	Low-enriched uranium	France	12/13/07	Continued

Source: U.S. International Trade Commission.

^a The completion date shown is the date of the USITC notification of Commerce.

TABLE A.9 Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2007 and those pending on December 31, 2007

Status of Investigation	Article	Country ^a	Commission determination
Completed: 337-TA-406	Certain Lens-Fitted Film Packages (Enforcement II) (Remand)	No foreign respondents	One related (ancillary) enforcement proceeding; terminated based on adjustment in amount of civil penalties.
337-TA-474	Certain Recordable Compact Discs and Rewritable Compact Discs	Hong Kong, Taiwan	One related (ancillary) remand proceeding; issued a general exclusion order and cease and desist orders.
337-TA-493	Certain Zero-Mercury-Added Alkaline Batteries, Parts Thereof, and Products Containing Same	China, Hong Kong, Indonesia, Japan, Singapore	One related (ancillary) remand proceeding; terminated based on a finding of no violation.
337-TA-524 ^b	Certain Point of Sale Terminals and Components Thereof	France, Israel, Korea, Ireland	One related (ancillary) sanctions proceeding; terminated based on issuance of a sanction.
337-TA-543	Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets	No foreign respondents	Issued a limited exclusion order and cease and desist order.
337-TA-545	Certain Laminated Floor Panels	Korea, Ireland, China, Canada	Issued a general exclusion order and cease and desist orders.
337-TA-546	Certain Male Prophylactic Devices	India	Terminated based on a finding of no violation.
337-TA-550	Certain Modified Vaccinia Ankara ("MVA") Viruses and Vaccines and Pharmaceutical Compositions Based Thereon	United Kingdom	Terminated based on a consent order.
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof And Products Containing Same	China	Issued a limited exclusion order and cease and desist order.

Table A.9—Continued

Status of Investigation Completed—Continued	Article	Country ^a	Commission determination
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof And Products Containing Same	China	Issued a limited exclusion order and cease and desist order.
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof And Products Containing Same	China	One related (ancillary) advisory opinion terminated based on a finding that the subject article does not infringe.
337-TA-553	Certain NAND Flash Memory Devices and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-556	Certain High-Brightness Light Emitting Diodes and Products Containing Same	Taiwan	Issued a limited exclusion order.
337-TA-557	Certain Automotive Parts	Taiwan	Issued a general exclusion order.
337-TA-559	Certain Digital Processors and Digital Processing Systems, Components Thereof, and Products Containing Same	Netherlands	Terminated based on a finding of no violation.
337-TA-560	Certain NOR and NAND Flash Memory Devices and Products Containing Same	Switzerland	Terminated based on a finding of no violation.
337-TA-561	Certain Combination Motor and Transmission Systems and Devices Used Therein, and Products Containing Same	Japan	Terminated based on a finding of no violation.
337-TA-564	Certain Voltage Regulators, Components Thereof and Products Containing Same	No foreign respondents	Issued a limited exclusion order.
337-TA-565	Certain Ink Cartridges and Components Thereof	Hong Kong, China, Germany, Korea	Issued a general exclusion order, a limited exclusion order, and cease and desist orders.

Table A.9—Continued

Status of Investigation Completed—Continued	Article	Country ^a	Commission determination
337-TA-572	Certain Insulin Delivery Devices, Including Cartridges Having Adaptor Tops, and Components Thereof	Germany, France	Terminated based on withdrawal of the complaint.
337-TA-575	Certain Lighters	Hong Kong, China	Issued a general exclusion order.
337-TA-577	Certain Wireless Communication Equipment, Articles Therein, and Products Containing the Same	Sweden	Terminated based on a settlement agreement.
337-TA-579	Certain Nickel Metal Hydride Consumer Batteries, Components Thereof, and Consumer Electronic Products Containing Same	Germany	Terminated based on an arbitration agreement.
337-TA-580	Certain Peripheral Devices and Components Thereof and Products Containing the Same	No foreign respondents	Terminated based on a settlement agreement.
337-TA-581	Certain Inkjet Ink Supplies and Components Thereof	China	Terminated based on a settlement agreement.
337-TA-583	Certain Wireless Communication Devices, Components Thereof, and Products Containing Same	Korea	Terminated based on a settlement agreement.
337-TA-584	Certain Alendronate Salts and Products Containing Same	India	Terminated based on withdrawal of the complaint.
337-TA-585	Certain Engines, Components Thereof, China and Products Containing Same	China	Terminated based on a consent order.
337-TA-590	Certain Coupler Devices for Power Supply Facilities, Components Thereof, China and Products Containing Same	Taiwan, Germany, China	Issued a limited exclusion order and cease and desist orders.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Completed—Continued			
337-TA-591	Certain Wireless Conference Calling Devices, Components Thereof, and Devices Containing Same	Denmark	Terminated based on withdrawal of the complaint.
337-TA-592	Certain NAND Flash Memory Devices and Components Thereof, and Products Containing Same	Korea	Terminated based on a settlement agreement.
337-TA-594	Certain Lighting Products, Components Thereof, and Products Containing Same	No foreign respondents	Terminated based on a settlement agreement.
337-TA-599	Certain Lighting Control Devices Including Dimmer Switches and/or Switches and Parts Thereof	No foreign respondents	Terminated based on withdrawal of the complaint.
337-TA-600	Certain Rechargeable Lithium-Ion Batteries, Components Thereof, and Products Containing Same	Hong Kong, Japan	Terminated based on a settlement agreement.
337-TA-614	Certain Wireless Communication Chips and Chipsets, and Products Containing Same, Including Wireless Handsets and Network Interface Cards	No foreign respondents	Terminated based on an arbitration agreement.
Pending:			
337-TA-487	Certain Agricultural Vehicles and Components Thereof	Canada, Germany	One related (ancillary) remand proceeding pending before the Commission.
337-TA-501	Certain Encapsulated Integrated Circuit Devices and Products Containing Same	Malaysia	Pending before the Commission.
337-TA-543	Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets	No foreign respondents	One related (ancillary) enforcement proceeding pending before the ALJ.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Pending—Continued			
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof And Products Containing Same	China	One related (ancillary) bond forfeiture proceeding pending before the ALJ
337-TA-558	Certain Personal Computer Consumer Electronic Convergent Devices, Components Thereof, and Products Containing Same	Taiwan	Pending before the ALJ.
337-TA-567	Certain Foam Footwear	Canada	Pending before the ALJ.
337-TA-569	Certain Endoscopic Probes for Use in Argon Plasma Coagulation Systems	Germany	Pending before the ALJ.
337-TA-571	Certain L-Lysine Feed Products, Their Methods of Production and Genetic Constructs for Production	Hong Kong, China	Pending before the ALJ.
337-TA-574	Certain Equipment for Telecommunications or Data Communications Networks, Including Routers, Switches, and Hubs, and Components Thereof	France	Pending before the ALJ.
337-TA-578	Certain Mobile Telephone Handsets, Wireless Communication Devices, and Components Thereof	Finland	Pending before the Commission.
337-TA-582	Certain Hydraulic Excavators and Components Thereof	Canada	Pending before the ALJ.
337-TA-586	Certain Stringed Musical Instruments and Components Thereof	France, Germany	Pending before the Commission.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Pending—Continued			
337-TA-587	Certain Connecting Devices ("Quick Clamps") For Use With Modular Compressed Air Conditioning Units, Including Filters, Regulators, and Lubricators ("FRL'S") That Are Part of Larger Pneumatic Systems and The FRL Units They Connect	Japan, China	Pending before the ALJ.
337-TA-588	Certain Digital Multimeters, and Products with Multimeter Functionality	China, Hong Kong	Pending before the ALJ.
337-TA-589	Certain Switches and Products Containing Same	Taiwan, Japan	Pending before the Commission.
337-TA-593	Certain Digital Cameras and Component Parts Thereof	No foreign respondents	Pending before the ALJ.
337-TA-595	Certain Dynamic Random Access Memory Devices and Products Containing Same	Korea	Pending before the ALJ.
337-TA-596	Certain GPS Chips, Associated Software and Systems, and Products Containing Same	No foreign respondents	Pending before the ALJ.
337-TA-597	Certain Bassinet Products	No foreign respondents	Pending before the ALJ.
337-TA-598	Certain Unified Communications Systems, Products Used With Such Systems, and Components Thereof	France	Pending before the ALJ.
337-TA-601 ^d	Certain 3G Wideband Code Division Multiple Access (WCDMA) Handsets and Components Thereof	Korea	Pending before the ALJ.
337-TA-602	Certain GPS Devices and Products Containing Same	Taiwan	Pending before the ALJ.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Pending—Continued			
337-TA-603	Certain DVD Players and Recorders and Certain Products Containing Same	China, Hong Kong	Pending before the Commission.
337-TA-604	Certain Sucralose, Sweeteners Containing Sucralose, and Related Intermediate Compounds Thereof	China, United Kingdom, Hong Kong	Pending before the ALJ.
337-TA-605	Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same	Canada, Switzerland	Pending before the ALJ.
337-TA-606	Certain Personal Computers and Digital Display Devices	Taiwan	Pending before the ALJ.
337-TA-607	Certain Semiconductor Devices, DMA Systems, and Products Containing Same	Japan	Pending before the ALJ.
337-TA-608 ^c	Certain Nitrile Gloves	Australia, China, Indonesia, Malaysia	Pending before the ALJ.
337-TA-609	Certain Buffer Systems and Components Thereof Used in Container Processing Lines	Germany	Pending before the ALJ.
337-TA-610	Certain Endodontic Instruments	France	Pending before the ALJ.
337-TA-611	Certain Magnifying Loupe Products and Components Thereof	China	Pending before the ALJ.
337-TA-612 ^c	Certain Nitrile Rubber Gloves	Malaysia	Pending before the ALJ.
337-TA-613 ^d	Certain 3G Mobile Handsets and Components Thereof	Finland	Pending before the ALJ.
337-TA-615	Certain Ground Fault Circuit Interrupters and Products Containing the Same	China	Pending before the ALJ.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Pending—Continued			
337-TA-616	Certain Hard Disk Drives, Components Thereof, and Products Containing the Same	No foreign respondents	Pending before the ALJ.
337-TA-617	Certain Digital Televisions and Certain Products Containing Same and Methods of Using Same	Taiwan, Hong Kong, China	Pending before the ALJ.
337-TA-618	Certain Computer Systems, Printers and Scanners	No foreign respondents	Pending before the ALJ.
337-TA-619	Certain Flash Memory Controllers, Drives, Memory Cards, and Media Players and Products Containing Same	Taiwan, Hong Kong, China, Japan, British Virgin Islands, France, Ireland, Korea	Pending before the ALJ.
337-TA-620	Certain Low Antimony Phosphoric Acid	Japan	Pending before the ALJ.
337-TA-621	Certain Probe Card Assemblies, Components Thereof and Certain Tested DRAM and NAND Flash Memory Devices and Products Containing Same	Japan, Korea	Pending before the ALJ.
337-TA-623	Certain R-134a Coolant (Otherwise known as 1,1,1,2-Tetrafluoroethane)	China	Pending before the ALJ.
337-TA-624	Certain Systems for Detecting and Removing Viruses or Worms, Components Thereof, and Products Containing Same	Spain	Pending before the ALJ.

Table A.9—Continued

Status of Investigation	Article	Country ^a	Commission determination
Pending—Continued			
337-TA-625	Certain Self-Cleaning Litter Boxes and Components Thereof	No foreign respondents	Pending before the ALJ.

Source: U.S. International Trade Commission.

^a This column lists the countries of the foreign respondents named in the investigation.

^b Inv. No. 337-TA-524 was terminated on July 8, 2005; sanctions proceeding pending.

^c Inv. Nos. 337-TA-608 and 337-TA-612 were consolidated.

^d Inv. Nos. 337-TA-601 and 337-TA-613 were consolidated.

TABLE A.10 Outstanding Section 337 exclusion orders as of December 31, 2007

Investigation No.	Article	Country ^a	Date patent expires ^b
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 Therefore	No foreign respondents	Nonpatent
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent
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

Table A.10–Continued

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Oct. 12, 2008 ^c
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011 ^c
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-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	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	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. 3, 2007 Dec. 22, 2008 Apr. 25, 2012
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles	Taiwan, Israel, Germany	July 8, 2014 July 8, 2014

Table A.10–Continued

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-473	Certain Video Game Systems, Accessories, and Components Thereof	No foreign respondents	Dec. 18, 2015 Dec. 25, 2015
337-TA-474	Certain Recordable Compact Discs and Rewritable Compact Discs	No foreign respondents	June 11, 2008 Nov. 1, 2008 May 23, 2012
337-TA-481/491	Certain Display Controllers with Upscaling Functionality and Products Containing Same; and Certain Display Controllers and Products Containing Same	Taiwan	Feb. 24, 2017
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
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	40711
337-TA-492	Certain Plastic Grocery and Retail Bags	Thailand, China, Singapore, Hong Kong	Dec. 6, 2010
337-TA-494	Certain Automotive Measuring Devices, Products Containing Same, and Bezels for Such Devices	Taiwan	Nonpatent
337-TA-498	Certain Insect Traps	No foreign respondents	Jan. 30, 2018
337-TA-500	Certain Purple Protective Gloves	Malaysia	Nonpatent
337-TA-505	Certain Gun Barrels Used in Firearms	Switzerland, Netherlands	Sept. 25, 2015 Aug. 25, 2017
337-TA-511	Certain Pet Food Treats	China	Sept. 23, 2011
337-TA-512	Certain Light-Emitting Diodes And Products Containing Same	Malaysia	July 27, 2018 July 27, 2018 July 27, 2018 Jan. 18, 2015
337-TA-514	Certain Plastic Food Containers	China	Oct. 19, 2013 Dec. 23, 2017 Dec. 23, 2017
337-TA-518	Certain Ear Protection Devices	China, Taiwan	June 2, 2015
337-TA-522	Certain Ink Markers and Packaging Thereof	China, India, Korea	Nonpatent

Table A.10–Continued

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-528	Certain Foam Masking Tape	Spain, Netherlands, Portugal, Canada, France, Germany	May 10, 2011
337-TA-533	Certain Rubber Antidegradants, Components Thereof, and Products Containing Same	China, Korea	June 21, 2011 June 21, 2011
337-TA-538	Certain Audio Processing Integrated Circuits, and Products Containing Same	China	Nov. 20, 2020 Nov. 20, 2020
337-TA-539	Certain Tadalafil or Any Salt or Solvate Thereof, and Products Containing Same	India, Panama, Haiti, Nicaragua, Mexico, Australia	June 12, 2016
337-TA-541	Certain Power Supply Controllers and Products Containing Same	Taiwan	Sept. 24, 2019 Sept. 24, 2019
337-TA-543	Certain Baseband Processor Chips and Chipsets, Transmitter and Receiver (Radio) Chips, Power Control Chips, and Products Containing Same, Including Cellular Telephone Handsets	No foreign respondents	June 8, 2010
337-TA-545	Certain Laminated Floor Panels	Canada, China, Malaysia, Korea	June 10, 2017
337-TA-549	Certain Ink Sticks for Solid Ink Printers	Korea	Apr. 29, 2022 Apr. 29, 2022 Apr. 29, 2022
337-TA-551	Certain Laser Bar Code Scanners and Scan Engines, Components Thereof and Products Containing Same	China	Oct. 30, 2009 Nov. 16, 2010
337-TA-556	Certain High-Brightness Light Emitting Diodes and Products Containing Same	Taiwan	Jan. 18, 2009
337-TA-557	Certain Automotive Parts	Taiwan	Feb. 4, 2017 June 22, 2018 July 27, 2018 Sept. 28, 2018 Oct. 5, 2018 Oct. 26, 2018 Mar. 1, 2019 Mar. 22, 2019
337-TA-563	Certain Portable Power Stations and Packaging Thereof	China	Feb. 4, 2017
337-TA-564	Certain Voltage Regulators, Components Thereof and Products Containing Same	No foreign respondents	Mar. 23, 2013

Table A.10–Continued

Investigation No.	Article	Country ^a	Date patent expires ^b
337-TA-565	Certain Ink Cartridges and Components Thereof	Hong Kong, China, Germany, Korea	Apr. 1, 2014 Oct. 1, 2013 Jan. 30, 2103 May 18, 2019 May 18, 2019 Apr. 3, 2022 Aug. 26, 2023 Aug. 17, 2023
337-TA-575	Certain Lighters	China	Nonpatent
337-TA-590	Certain Coupler Devices for Power Supply Facilities, Components Thereof, and Products Containing Same	Taiwan, Germany, China	Aug. 5, 2024

Source: U.S. International Trade Commission.

^a This column lists the countries of the foreign respondents named in the investigation.

^b Multiple dates indicate the expiration dates of separate patents within the investigation.

^c Patent term extended pursuant to 35 U.S.C. 154(c).

TABLE A.11 U.S. imports for consumption of leading GSP duty-free imports, 2007
(Million dollars)

HTS No.	Description	Total imports	GSP eligible	GSP duty free
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more.....	107,385.6	12,710.8	7,904.3
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps.....	6,265.2	3,155.5	1,936.5
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.....	68,825.0	2,625.7	904.5
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link.....	1,144.9	703.4	593.2
7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad.....	2,365.7	585.9	416.9
7113.11.50	Articles of jewelry and parts thereof, of silver, n.e.s.o.i., valued over \$18 per dozen pieces or parts.....	1,191.8	474.0	413.8
8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships.....	6,557.7	738.7	396.3
7202.41.00	Ferrochromium containing more than 3 percent of carbon.....	398.1	393.7	389.7
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.....	1,700.2	1,545.4	345.7
4011.10.10	New pneumatic radial tires, of rubber, of a kind used on motor cars.....	4,395.6	646.5	307.1
7202.30.00	Ferrosilicon manganese.....	489.2	297.0	292.5
3907.60.00	Polyethylene terephthalate in primary forms.....	1,121.0	276.5	265.0
4011.20.10	New pneumatic radial tires, of rubber, of a kind used on buses or trucks.....	2,951.7	278.4	206.5
7991.12.50	Zinc, unwrought, not alloyed, other than casting-grade, containing by weight less than 99.99 percent zinc.....	554.5	201.9	200.7
3824.90.40	Fatty substances of animal or vegetable origin and mixtures thereof.....	446.9	200.1	184.8
8708.99.81	Parts and accessories of motor vehicles, n.e.s.o.i.....	6,570.6	213.0	174.2
1701.11.10	Raw sugar not containing added flavoring or coloring.....	534.0	300.7	167.4
4412.31.40	Plywood, each ply not over 6 millimeters thick, with at least one outer ply of specified tropical woods, not surface-covered beyond clear.....	416.0	180.0	167.4
7202.93.80	Ferroniobium, by weight more than 0.02 percent of phosphorus or sulfur or more than 0.4 percent silicon.....	164.6	151.2	150.4
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.....	30,704.4	441.7	148.3
	Top 20 items.....	244,183.4	26,119.8	1 5,564.9
	All other.....	1,687,757.7	24,888.3	1 5,284.0
	Total.....	1,931,941.2	51,008.1	3 0,849.0

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

Note: Figures do not include U.S. Virgin Island imports. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

TABLE A.12 U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule, 2007

(Million dollars)

HTS Sector	Rank	Description	Total imports	GSP eligible	GSP duty free
Section I	1	Live animals; animal products.....	20,777	65	47
Section II	2	Vegetable products.....	22,981	1,120	322
Section III	3	Animal and vegetable fats, oils, and waxes.....	3,393	198	187
Section IV	4	Prepared foodstuffs; beverages, spirits; tobacco.....	39,297	2,048	1,399
Section V	5	Mineral products.....	338,275	15,879	9,016
Section VI	6	Chemical products.....	147,086	3,721	1,745
Section VII	7	Plastics and rubber.....	52,802	3,183	2,213
Section VIII	8	Raw hides and skins, leather, furskins, saddlery; handbags.....	11,121	517	469
Section IX	9	Wood; charcoal; cork; straw and other plating materials.....	19,350	1,231	956
Section X	10	Wood pulp; paper and paperboard.....	27,192	0	0
Section XI	11	Textiles and textile articles.....	99,115	508	340
Section XII	12	Footwear, headgear, umbrellas; artificial flowers.....	22,757	31	22
Section XIII	13	Stone, plaster, cement, asbestos ceramic and glass articles.....	17,382	2,025	868
Section XIV	14	Pearls, precious or semi-precious stones; imitation jewelry.....	47,539	4,772	3,252
Section XV	15	Base metals and articles of base metal.....	115,711	6,026	3,889
Section XVI	16	Machinery and appliances; electrical equipment.....	498,070	6,178	3,661
Section XVII	17	Vehicles, aircraft, vessels, transport equipment.....	241,410	1,851	1,302
Section XVIII	18	Optical, photographic, medical, and musical instruments; clocks.....	59,212	1,047	668
Section XIX	19	Arms and ammunition; parts and accessories thereof.....	2,191	93	90
Section XX	20	Miscellaneous manufactured articles.....	75,712	514	403
Section XXI	21	Work of art, collectors' pieces and antiques.....	8,719	0	0
Section XXII	22	Special classification provisions.....	61,850	0	0
		Total.....	1,931,941	51,008	30,849

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

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

TABLE A.13 U.S. imports for consumption under AGOA provisions, by source, 2005–07

Rank	Source	2005	2006	2007	Percent
					Change
					2006–07
<i>1,000 dollars</i>					
1	Nigeria	22,460,052	25,823,091	30,137,133	16.7
2	Angola	4,216,469	4,532,941	4,767,934	5.2
3	Gabon	2,487,326	1,290,031	1,673,605	29.7
4	Republic of the Congo	571,419	774,536	1,604,868	107.2
5	Chad	1,028,954	1,531,433	1,487,552	-2.9
6	Republic of South Africa	455,316	717,439	1,076,985	50.1
7	Lesotho	388,344	384,452	379,592	-1.3
8	Madagascar	273,193	229,541	281,443	22.6
9	Kenya	272,131	265,051	250,352	-5.5
10	Cameroon	100,910	152,394	169,173	11.0
11	Swaziland	160,462	135,425	135,838	0.3
12	Mauritius	146,807	145,843	112,347	-23.0
13	Ghana	49,927	34,874	56,151	61.0
14	Democratic Rep. of the Congo	0	0	39,478	N/A
15	Botswana	30,044	28,225	31,331	11.0
16	Namibia	53,058	33,019	28,579	-13.4
17	Malawi	32,375	29,901	27,568	-7.8
18	Ethiopia	3,646	5,000	4,741	-5.2
19	Tanzania	2,812	3,022	2,815	-6.9
20	Uganda	4,854	1,490	1,189	-20.1
21	Mozambique	2,828	940	825	-12.2
22	Zambia	0	8	73	796.8
23	Guinea	0	0	27	N/A
24	Niger	24	1	27	3840.0
25	Senegal	9	14,239	14	-99.9
26	Mali	0	3	9	199.2
27	The Gambia	0	0	(^a)	N/A
28	Cape Verde	2,115	85	0	-100.0
29	Burkina Faso	0	6	0	-100.0
30	Rwanda	1	0	0	N/A
31	Benin	0	0	0	N/A
32	Burundi	(^b)	0	0	N/A
33	Djibouti	0	0	0	N/A
34	Guinea-Bissau	0	0	0	N/A
35	Liberia	(^b)	(^b)	0	N/A
36	Mauritania	0	(^b)	0	N/A
37	São Tomé and Príncipe	0	0	0	N/A
38	Seychelles	0	0	0	N/A
39	Sierra Leone	0	0	0	N/A
Total		32,743,077	36,132,990	42,269,649	17.0

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

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

^a U.S. value is less than \$500.

^b Not AGOA-eligible.

TABLE A.14 U.S. imports for consumption of leading imports under AGOA, 2005–07

HTS No.	Description	1,000 dollars				Percent Change 2006–07
		2005	2006	2007		
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more.....	28,013,930	31,161,473	37,116,788	19.1	
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.....	1,269,922	1,722,917	1,771,946	2.8	
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.....	1,105,736	870,676	665,352	-23.6	
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products.....	380,440	318,064	492,843	55.0	
8703.23.00	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity 1,500-3,000 cc.....	121,082	328,807	438,489	33.4	
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.....	284,633	267,699	254,490	4.9	
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.....	285,664	227,537	225,373	-1.0	
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down.....	253,972	225,849	201,092	-11.0	
7202.11.50	Ferromanganese containing by weight more than 4 percent carbon.....	62,785	97,833	149,736	53.1	
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product.....	76,563	64,871	80,063	23.4	
2710.11.15	Light motor fuel, 70 percent or more by weight from petroleum oils and bituminous minerals, other than crude.....	20,028	17,654	78,126	342.5	
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton.....	58,505	57,456	71,018	23.6	
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton.....	29,886	49,017	65,835	34.3	
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.....	87,620	66,508	6,574	-1.1	
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton.....	52,984	51,366	50,447	-1.8	
3823.70.60	Industrial fatty alcohols, other than derived from fatty substances of animal or vegetable origin.....	32,693	46,091	48,118	4.4	
0805.10.00	Oranges, fresh or dried.....	31,420	46,171	37,794	-18.1	
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton.....	20,282	23,377	29,190	24.9	
2204.21.50	Non-sparkling wine of fresh grapes, other than Tokay, not over 14 percent alcohol, in containers not over 2 liters.....	27,356	27,467	28,407	3.4	
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes.....	19,409	29,228	25,952	-11.2	
6204.63.35	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, of synthetic fibers, n.e.s.o.i.....	19,308	15,903	23,781	49.5	
6104.63.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.....	32,980	30,407	23,445	-22.9	
2710.19.05	Distillate/residual fuel oil (including blends) derived from petroleum or oils or oils of bituminous minerals, testing 25 degrees A.P.I or more.....	17,489	493	22,401	4,444.6	
6103.43.15	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.....	29,984	20,410	21,046	3.1	
2710.11.45	Mixtures of hydrocarbons n.e.s.o.i., none comprising over half of product, 70 or more by weight from petroleum oils and bituminous minerals.....	102,094	47,803	20,105	-57.92	
	Total of items shown.....	32,436,764	35,815,077	42,007,602	17.3	
	All other.....	306,313	317,913	262,047	-17.6	
	Total of all commodities.....	32,743,077	36,132,990	42,269,649	17.0	

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

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."

TABLE A.15 U.S. imports for consumption under ATPA provisions, by source 2005–07

Rank	Source	2005	2006	2007	Percent change 2006–07
		<i>Million dollars</i>			
1	Ecuador.	4,370.7	5,325.2	4,613.8	-13.4
2	Colombia.	4,653.2	4,791.2	4,527.7	-5.5
3	Peru.	2,282.7	3,201.9	3,017.2	-5.8
4	Bolivia.	157.4	166.2	148.1	-10.9
	Total.	11,463.9	13,484.4	12,306.8	-8.7

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

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

TABLE A.16 U.S. imports for consumption of leading imports under ATPA, 2005–07

HTS No.	Description	Million dollars				Percent Change 2006–07
		2005	2006	2007	2006–07	
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	5,182.1	5,873.0	5,840.3	-0.6	
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	1,770.3	2,165.9	1,644.9	-24.1	
7403.11.00	Refined copper cathodes and sections of cathodes	556.4	993.0	989.1	-0.4	
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.	541.5	458.8	408.7	-10.9	
0603.11.00 ^a	Roses, fresh	263.1	288.4	327.2	N/A	
6110.20.20	Sweatshirts, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	295.2	318.2	297.4	-6.6	
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	406.2	613.0	294.1	-52.0	
0603.19.00 ^b	Anthuriums, alstroemeria, gypsophila, lilies, snapdragons and other flowers, n.e.s.o.i., fresh	159.4	172.0	187.8	N/A	
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	193.8	190.7	165.4	-13.3	
0709.20.90	Asparagus, fresh or chilled, n.e.s.o.i.	87.1	126.6	159.3	25.9	
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	164.2	168.8	155.5	-7.9	
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	156.4	140.8	98.6	-29.9	
1604.14.30	Tunas and skipjack, not in oil, in airtight containers, n.e.s.o.i.	47.8	64.9	67.9	4.6	
0603.14.00 ^c	Chrysanthemums, fresh	63.5	63.4	65.5	N/A	
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	80.1	85.6	57.7	-32.6	
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	64.2	66.6	52.4	-21.4	
3904.10.00	Polyvinyl chloride, not mixed with any other substances, in primary forms	45.0	33.8	42.8	26.5	
0603.12.10 ^d	Carnations, other than miniature, fresh	33.2	37.4	42.2	N/A	
2005.99.80 ^e	Artichokes, prepared or preserved otherwise than by vinegar or acetic acid, not frozen	16.6	35.9	39.1	N/A	
2613.90.00	Molybdenum ores and concentrates, not roasted	14.9	41.1	38.8	-5.7	
0710.80.97	Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size	19.1	27.5	34.8	26.7	
2611.00.60	Tungsten concentrates	0.6	17.5	33.2	90.5	
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period September 1 through May 31 of the following year, inclusive	27.3	31.5	30.0	-4.6	
0603.12.30 ^f	Miniature (spray) carnations, fresh	29.3	31.6	27.7	N/A	
7610.10.00	Doors, windows, and their frames and thresholds for doors, of aluminum	17.7	45.5	27.1	-40.5	
	Total of items shown	10,235.0	12,091.4	11,127.6	-2.9	
	All other	1,228.9	1,393.0	1,179.2	-41.7	
	Total of all commodities	11,463.9	13,484.4	12,306.8	-8.7	

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

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."

^a Trade in 2005 and 2006 reported under HTS tariff line 0603.10.60.

^b Trade in 2005 and 2006 reported under HTS statistical line 0603.10.7040. And HTS tariff line 0603.10.80.

^c Trade in 2005 and 2006 reported under HTS statistical line 0603.10.7010 and 0603.10.7020.

^d Trade in 2005 and 2006 reported under HTS statistical line 0603.70.30.

^e Trade in 2005 and 2006 reported under HTS tariff line 2005.90.80.

^f Trade in 2005 and 2006 reported under HTS tariff line 0603.10.30.

TABLE A.17 U.S. imports for consumption under CBERA provisions, by source, 2005–07

Rank	Source	2005	2006	2007	Percent change 2006–07
		<i>1,000 dollars</i>			
1	Trinidad and Tobago.	2,734,524	3,677,726	2,832,296	-23.0
2	Costa Rica.	1,157,763	1,382,065	1,417,864	2.6
3	Haiti.	303,390	379,321	430,389	13.5
4	Dominican Republic.	2,483,579	2,481,035	310,104	-87.5
5	Jamaica.	152,163	245,755	235,947	-4.0
6	Bahamas.	111,345	125,056	137,351	9.8
7	Belize.	54,749	72,221	54,460	-24.6
8	Panama.	40,751	33,828	31,191	-7.8
9	St. Kitts and Nevis.	25,211	24,750	16,189	-34.6
10	Guyana.	6,721	5,098	10,099	98.1
11	St. Lucia.	6,353	7,076	8,594	21.4
12	Barbados.	3,859	4,765	7,100	49.0
13	Netherlands Antilles.	6,763	2,157	3,598	66.9
14	Aruba.	30	171	295	72.1
15	St. Vincent and the Grenadines.	521	210	216	2.9
16	Antigua.	34	23	132	466.3
17	British Virgin Islands.	198	223	65	-71.0
18	Dominica.	79	66	45	-31.9
19	Grenada.	9	56	25	-56.3
20	El Salvador.	1,226,033	154,121	0	-100.0
21	Guatemala.	1,246,183	652,845	0	-100.0
22	Honduras.	2,372,315	555,925	0	-100.0
23	Montserrat.	0	0	0	N/A
24	Nicaragua.	403,798	110,981	0	-100.0
	Total.	12,336,372	9,915,473	5,495,960	-44.6

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

Note: Because of rounding, figures may not add to totals shown. Data for 2006 include U.S. imports from El Salvador, Guatemala, Honduras, and Nicaragua only for the period during which those countries were eligible for CBERA benefits before CAFTA-DR entered into force.

TABLE A.18 U.S. imports for consumption of leading imports under CBERA, 2005-07

HTS No.	Description	Million dollars				Percent change 2006-07
		2005	2006	2007	2006-07	
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more..	1,076.0	1,693.8	1,309.5	-22.7	
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	700.6	1,029.7	1,004.2	-2.5	
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages.	222.8	245.6	377.9	53.9	
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes.	183.6	277.2	263.4	-5.0	
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products.	193.5	71.5	227.2	217.6	
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton.	1,301.4	607.3	195.7	-67.8	
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	1,033.2	393.0	139.8	-64.4	
3903.11.00	Polystyrene, expandable, in primary forms.	107.5	121.5	133.2	9.7	
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down.	730.1	449.5	126.3	-71.9	
2009.11.00	Frozen concentrated orange juice.	45.6	53.7	100.3	86.9	
2710.11.45	Mixtures of hydrocarbons n.e.s.o.i., none comprising over half of product, 70 percent or more by weight from petroleum oils and bituminous minerals.	182.2	245.3	80.4	-67.2	
4011.10.10	New pneumatic radial tires, of rubber, of a kind used on motor cars, including station wagons and racing cars.	58.7	63.7	79.6	25.0	
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.	474.6	517.7	76.6	-85.2	
6115.95.90	Stockings, socks, other hosiery n.e.s.o.i., and footwear without applied soles, knitted or crocheted, of cotton, not lace or net.	(^e)	(^e)	68.6	N/A	
2207.20.00	Ethyl alcohol and other spirits, denatured, of any strength.	0.2	12.1	65.0	-437.9	
6109.90.10	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of man-made fibers.	213.5	127.5	64.6	-49.3	
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton.	203.8	92.8	46.8	-49.6	
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps.	192.9	234.1	41.4	-82.3	
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15.	100.7	95.3	39.1	-59.0	
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	306.7	160.1	38.0	-76.3	
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton.	400.5	171.1	36.9	-78.4	
4016.93.50	Nonautomotive gaskets, washers, and seals of vulcanized rubber.	50.0	51.3	34.9	-32.0	
1701.11.20	Other sugar to be used for the production (other than distillation) of polyhydric alcohols.	74.9	19.8	31.3	58.1	
1701.11.10	Raw sugar not containing added flavoring or coloring.	144.3	140.3	31.0	-77.9	
8536.30.80	Electrical apparatus for protecting electrical circuits, for a voltage not exceeding 1,000 volts, n.e.s.o.i.	22.8	12.2	28.2	130.8	
	Total of items shown.	8,840.6	7,599.1	4,640.0	-32.6	
	All other.	3,495.8	2,316.4	856.0	-71.7	
	Total of all commodities.	12,336.4	9,915.5	5,496.0	-44.6	

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

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." Data for 2006 include U.S. imports from El Salvador, Guatemala, Honduras, and Nicaragua only for the period during which those countries were eligible for CBERA benefits before CAFTA-DR entered into force.

^a Trade in 2005 and 2006 reported under parts of items contained in HTS tariff line 6115.92.90.

TABLE A.19 WTO dispute-settlement cases to which the United States was a party, developments in 2007

Case No.	Title	Complainant	Action (Month/Day/Year)
DS27	European Communities – Regime for the Importation, Sale and Distribution of Bananas	Ecuador; Guatemala; Honduras; Mexico; United States	<p>Ecuador requests consultations under Article 21.5 (11/16/06).</p> <p>Ecuador submits revised request for consultations (11/28/06).</p> <p>Colombia (11/29/2006), Belize, Côte d'Ivoire, Dominica, the Dominican Republic, Saint Lucia, St. Vincent and the Grenadines, and Suriname (11/30/06), Cameroon (12/04/06), Jamaica (12/06/06), and Panama and the United States (12/11/06) request to join the consultations. The European Communities accept their requests.</p> <p>Ecuador requests establishment of an Article 21.5 panel (02/23/07).</p> <p>DSB agrees, if possible, to refer the matter raised by Brazil to the original panel (03/20/07).</p> <p>Panel composed (06/15/07).</p> <p>The United States request establishment of a 21.5 panel (06/29/07).</p> <p>DSB agrees, if possible, to refer the matter raised by Brazil to the original panel (07/12/07)</p> <p>Panel composed (08/13/07).</p>
DS267	United States – Subsidies on Brazil Upland Cotton		<p>DSB adopts Appellate Body report and panel report (as modified by Appellate Body report) (03/21/05).</p> <p>After the reasonable period of time for implementation expires (09/21/05), Brazil seeks authorization to suspend concessions, and the United States seeks arbitration. The parties subsequently seek suspension of arbitration proceedings (11/21/05).</p> <p>Brazil requests the establishment of a panel (08/18/06).</p> <p>DSB defers the establishment of a panel (09/01/06).</p> <p>DSB agrees, if possible, to refer the matter raised by Brazil to the original panel (09/28/06).</p> <p>Panel is established (10/25/06).</p> <p>Compliance panel report circulated (12/18/07).</p>
DS268	United States – Sunset Reviews of Anti-Dumping Measures on Oil Country Tubular Goods from Argentina	Argentina	<p>The United States informs DSB it has implemented earlier DSB recommendations and rulings in the case; Argentina expresses doubts (12/20/05).</p> <p>Argentina requests consultations (01/26/06).</p> <p>Argentina requests the establishment of a panel (03/06/06).</p> <p>DSB refers the matter raised by Argentina to the original panel (03/17/06).</p> <p>Compliance panel composed (03/20/06).</p> <p>Panel report circulated (11/30/06).</p> <p>Appellate Body report circulated (04/12/07).</p> <p>DSB adopts Appellate Body report (05/11/07).</p>
DS281	United States – Antidumping Measures on Cement from Mexico	Mexico	<p>Mexico asks the panel to suspend its proceedings in the context of negotiations to find a mutually agreed solution, and the panel agrees (01/16/06).</p>

TABLE A.19–Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS282	United States – Antidumping Measures on Oil Country Tubular Goods from Mexico	Mexico	<p>Appellate Body report circulated (11/02/05). The United States issues statement of intent to implement the recommendations and rulings of the DSB (12/20/05). Agreement reached on the reasonable period of time for implementation (02/15/06). Statement by Mexico of non-conformity regarding agreed timelimits (05/30/06). Mexico requests consultations under DSU Article 21.5 (08/21/06). Mutually agreed solution is reached (05/16/07).</p>
DS285	United States – Measures Affecting Cross-Border Supply of Gambling and Betting Services	Antigua and Barbuda	<p>Parties agree to procedures under DSU Articles 21 and 22 (05/24/06). Antigua and Barbuda request consultations (06/08/06). Antigua and Barbuda request establishment of a panel (07/06/06). DSB refers matter to original panel if possible (07/19/06). Panel composed (08/16/06). Panel report circulated (03/30/07). DSB adopts panel report (05/22/07). Antigua and Barbuda seeks authorization to suspend concessions (06/21/07). The United States objects and seeks arbitration (07/23/07). DSB agrees to conduct arbitration (07/24/08). Arbitrator’s decision circulated (12/21/07).</p>
DS291	European Communities – Measures Affecting the Approval and Marketing of Biotech Products	United States	<p>Panel reports circulated (09/29/06). DSB adopts the panel reports (11/21/06). The European Communities announce its intention to implement recommendations and rulings and announce intent to discuss appropriate timeframe pursuant to DSU Article 21.3(b) with Argentina, Canada and the United States (12/19/06). The United States and European Communities agree on a reasonable period of time for implementation (06/21/07).</p>

TABLE A.19–Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS294	United States – Laws, Regulations and Methodology for Calculating Dumping Margins (Zeroing)	European Communities	<p>Panel report circulated (10/31/05). The European Communities notify its decision to appeal (01/17/06). The United States notifies its decision to appeal (01/30/06). Appellate Body report circulated (04/18/06). DSB adopts the Appellate Body report and the panel report, as modified by the Appellate Body report (5/9/06). The United States announces that it intends to implement the DSB recommendations and rulings (05/30/06). The United States and the European Communities agree, pursuant to DSU Article 21.3(b), to the reasonable period of time for implementation (07/28/06). The United States and the European Communities reach an Understanding on Article 21 and 22 procedures (05/04/07). The European Communities request Article 21.5 consultations (07/09/07). Brazil and Korea request to join the consultations (07/20/07). The European Communities request establishment of a panel (09/13/07).</p>
DS295	Mexico – Definitive Antidumping Measures on Beef and Rice	United States	<p>DSU adopts Appellate Body report and panel report as modified by the Appellate Body report (12/20/05). Mexico states that it will implement the recommendations and rulings of the DSB but needs agreement on the reasonable period of time for implementation; Mexico agrees to consult with the United States (01/20/06). Mexico and the United States inform DSB that they have reached agreement on the reasonable period of time for implementation; Mexico will comply in August 2006 (in part) and in December 2006 (in part) (05/18/06). Parties reach an Understanding on procedure for Articles 21 and 22 (01/16/07).</p>
DS322	United States – Measures Relating to Zeroing and Sunset Reviews	Japan	<p>Panel report circulated (09/20/06). Japan notifies decision to appeal certain issues of law (10/11/06). The United States notifies its decision to appeal certain issues of law (10/23/06). Appellate Body report circulated (01/9/07). DSB adopts appellate body report (01/23/07). Agreement reached on the reasonable period of time for implementation (05/04/07). Japan seeks authorization to suspend concessions (01/10/08). The United States seeks arbitration (01/18/08). DSB agrees to conduct arbitration (01/21/08).</p>

TABLE A.19–Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS334	Turkey – Measures Affecting the Importation of Rice	United States	<p>The United States requests establishment of a panel (02/06/06).</p> <p>Panel established (03/17/06).</p> <p>Panel composed (07/31/06).</p> <p>Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (01/31/07).</p> <p>Panel report circulated (09/21/07).</p> <p>DSB adopts panel report (10/22/07).</p>
DS335	United States – Antidumping Measure on Shrimp from Ecuador	Ecuador	<p>Ecuador requests establishment of a panel (06/08/06).</p> <p>Panel established (07/19/06).</p> <p>Panel composed (09/26/06).</p> <p>Panel report circulated (01/30/07).</p> <p>DSB adopts panel report (02/20/07).</p> <p>Agreement reached on the reasonable period of time for implementation (03/26/07).</p>
DS340	China – Measures Affecting Imports of Automobile Parts	United States	<p>The United States requests consultations with China (03/30/06).</p> <p>The United States requests establishment of a panel (09/15/06).</p> <p>DSB establishes a single panel pursuant to DSU Article 9.1 to consider similar complaints against China made by the European Communities (DS339), the United States (DS340), and Canada (DS342) (10/26/06).</p> <p>Panel composed (01/29/07).</p> <p>Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (07/16/07).</p>
DS343	United States – Measures Relating to Shrimp from Thailand	Thailand	<p>Thailand requests consultations (04/24/06).</p> <p>Thailand requests establishment of a panel (09/15/06).</p> <p>Panel established (10/26/06).</p> <p>Panel composed (01/26/07).</p> <p>Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (07/21/07).</p> <p>Panel report circulated (02/29/08).</p>
DS344	United States – Final Antidumping Measures on Stainless Steel from Mexico	Mexico	<p>Mexico requests consultations (05/26/06).</p> <p>Japan requests to join the consultations (06/09/06).</p> <p>Mexico requests establishment of a panel (10/12/06).</p> <p>Panel established (10/26/06).</p> <p>Panel composed (12/20/06).</p> <p>Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (05/21/07).</p> <p>Panel report circulated (12/20/07).</p>

TABLE A.19–Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS345	United States – Customs Bond Directive for Merchandise Subject to Anti-Dumping/Countervailing Duties	India	India requests consultations (06/06/06). Brazil, China, and Thailand request to join the consultations (06/21/06). India requests establishment of a panel (10/13/06). Panel established (11/21/06). Panel composed (01/26/07). Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (07/27/07).
DS347	European Communities and Certain Member States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)	United States	The United States requests consultations with France, Germany, Spain, the United Kingdom, and the European Communities (01/31/06). The United States requests establishment of a panel (04/10/06). Panel established (05/09/06). Panel composed (07/17/06). The United States requests the panel to suspend its work in accordance with DSU Article 12.12 (10/06/06). Panel agrees to suspend work (10/09/06). Authority of the panel lapsed (10/07/07).
DS350	United States – Continued Existence and Application of Zeroing Methodology	European Communities	The European Communities request consultations (10/02/06). The European Communities expand their request for consultations (10/09/06). Japan (10/10/06), Thailand (10/12/06), Brazil, and India (10/13/06) request to join the consultations. The United States accepts their requests. The European Communities request establishment of a panel (05/10/07). DSB defers establishment of a panel (05/22/07). Panel established (06/04/07). Panel composed (07/06/07). Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (10/01/07). A panelist resigns (11/08/07). New panelist appointed (11/27/07).
DS353	United States – Measures Affecting Trade in Large Civil Aircraft (Second Complaint)	European Communities	The European Communities request consultations with the United States (06/27/05). The European Communities request establishment of a panel (01/20/06). Panel established (02/17/06). Panel composed (11/22/06). Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (05/18/07).

TABLE A.19—Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS357	United States – Subsidies and Other Domestic Support for Corn and Other Agricultural Products	Canada	Canada requests consultations with the United States (01/08/07). Australia (01/18/07), Argentina, Brazil, the European Communities, Guatemala, Nicaragua, Thailand (01/19/07), and Uruguay (01/22/07) request to join the consultations. The United States accepts their requests. Canada requests establishment of a panel (06/07/07). DSB defers establishment of the panel (06/20/07). Canada withdraws its request for establishment of a panel (11/15/07).
DS358	China – Certain Measures Granting Refunds, Reductions or Exemptions from Taxes and Other Payments	United States	The United States requests consultations with China (02/02/07). The United States requests establishment of a panel (07/12/07). DSB defers establishment of a panel (07/24/07). Panel established (08/31/07). China and the United States inform the DSB they have reached an agreement (12/19/07).
DS360	India – Additional and Extra-Additional Duties on Imports from the United States	United States	The United States requests consultations with India (03/06/07). The European Communities (03/16/07) and Australia (03/21/07) request to accept their requests. The United States request establishment of a panel (05/24/07). DSB defers the establishment of a panel (06/04/07). Panel established (06/20/07). Panel composed (07/03/07). Chairman of panel informs the DSB that panel will not be able to complete its work within the standard 6-month time frame (12/17/07).
DS362	China – Measures Affecting the Protection and Enforcement of Intellectual Property Rights	United States	The United States requests consultations with China (04/10/07). Japan (04/20/07), the European Communities, Canada (04/25/07), and Mexico (04/26/07) request to join consultations. China accepts their requests. The United States requests establishment of panel (08/13/07). DSB defers establishment of panel (08/31/07). Panel established (09/25/07). Panel composed (12/13/07).
DS363	China – Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products	United States	The United States requests consultations with China (04/10/07). The European Communities request to join the consultation (04/25/07). China accepts the request. The United States requests establishment of a panel (10/10/07). DSB defers establishment of a panel (10/22/07). Panel established (11/27/07).

TABLE A.19–Continued

Case No.	Title	Complainant	Action (Month/Day/Year)
DS365	United States – Domestic Support and Export Credit Guarantees for Agricultural Products	Brazil	Brazil requests consultations with the United States (07/11/07). Canada (07/20/07), Guatemala (07/23/07), Costa Rica, Mexico (07/24/07), the European Communities (07/25/07), Argentina, Australia, India, Nicaragua (07/26/07), and Thailand (07/27/07) request to join the consultations. The United States accepts the requests. Canada and Brazil request establishment of a panel (11/08/07). DSB defers establishment of the panel (11/27/07). Panel established (12/17/07).
DS368	United States – Preliminary Anti-Dumping and Countervailing Duty Determinations on Coated Free Sheet Paper from China	China	China requests consultations with the United States (09/14/07).

Source: WTO, "Chronological List of Disputes Cases,"
http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm.

Note: This list includes only cases in which formal action occurred in 2007; pending cases in which little or no formal action occurred are omitted. Where appropriate, pre-2007 and post-2007 actions are noted to place the 2007 actions in context.

TABLE A.20 NAFTA dispute-settlement cases to which the United States was a party, developments in 2007

File No.	Dispute	Action (Month/Day/Year)
<i>Chapter 19 Binational Panel Decisions</i>		
USA-MEX-2001-1904-03	Oil Country Tubular Goods from Mexico (Commerce Full Sunset Review of the Antidumping Duty Order)	Commerce issues third redetermination on remand (08/17/06). Panel affirms in part and remands in part to Commerce (01/17/07). Commerce issues fourth redetermination on remand (2/6/07). Panel affirms in part and remands in part to Commerce (06/01/07). Commerce issues fifth redetermination on remand (06/11/07). Panel affirms Commerce's fifth redetermination (07/19/07).
USA-MEX-2001-1904-05	Oil Country Tubular Goods from Mexico (Commerce Final Results of the 4th Antidumping Duty Administrative Review)	Panel remands to Commerce (08/11/06). Commerce issues second redetermination on remand (10/05/06). Panel affirms second redetermination on remand (01/16/07).
USA-MEX-2001-1904-06	Oil Country Tubular Goods from Mexico (USITC Five-Year Review of the Antidumping Duty)	Oral argument held (08/22/06). Panel affirms Commission determination (03/22/07).
USA-CDA-2002-1904-02	Certain Softwood Lumber Products from Canada (Commerce Final Affirmative Antidumping Determination)	Panel grants motion to dismiss on grounds that revocation of antidumping duty order renders proceeding moot (01/05/07).
USA-CDA-2006-1904-04	Carbon and Certain Alloy Steel Wire Rod from Canada (Commerce Final Affirmative Antidumping Determination)	Panel constituted (01/17/07). Panel affirms in part and remands in part to Commerce (11/28/07).

Source: NAFTA Secretariat, "Status Report NAFTA & FTA Dispute Settlement Proceedings," http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=9.

Note: This list includes only cases in which formal action occurred in 2007; pending cases in which little or no formal action occurred are omitted. Where appropriate, pre-2007 and post-2007 actions are noted to place the 2007 actions in context.

TABLE A.21 U.S. merchandise trade with the European Union^a by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
Exports:						
0	Food and live animals.....	5,126.2	5,132.0	6,152.9	19.9	
1	Beverages and tobacco.....	1,271.5	1,544.1	1,570.6	1.7	
2	Crude materials, inedible, except fuels.....	7,173.8	8,421.6	10,813.0	28.4	
3	Mineral fuels, lubricants, and related materials.....	2,981.8	5,636.1	5,950.0	5.6	
4	Animal and vegetable oils, fats, and waxes.....	137.1	249.4	265.4	6.4	
5	Chemicals and related products, n.e.s.....	36,210.2	41,428.7	47,831.8	15.5	
6	Manufactured goods classified chiefly by material.....	10,604.9	13,337.4	15,105.2	13.3	
7	Machinery and transport equipment.....	74,245.4	85,161.4	97,462.1	14.4	
8	Miscellaneous manufactured articles.....	23,883.1	26,840.4	29,188.1	8.7	
9	Commodities and transactions not classified elsewhere in the SITC.....	6,655.4	9,529.5	11,912.4	25.0	
	Total all exports commodities.....	168,289.4	197,280.6	226,251.5	14.7	
Imports:						
0	Food and live animals.....	4,558.7	4,681.4	5,140.6	9.8	
1	Beverages and tobacco.....	7,976.5	9,160.5	10,086.8	10.1	
2	Crude materials, inedible, except fuels.....	3,206.1	3,456.9	3,031.4	-12.3	
3	Mineral fuels, lubricants, and related materials.....	21,150.4	23,957.8	24,655.4	2.9	
4	Animal and vegetable oils, fats, and waxes.....	882.1	980.9	897.3	-8.5	
5	Chemicals and related products, n.e.s.....	66,192.2	72,553.7	78,064.8	7.6	
6	Manufactured goods classified chiefly by material.....	33,603.6	36,730.2	38,271.1	4.2	
7	Machinery and transport equipment.....	119,613.6	124,866.9	132,475.1	6.1	
8	Miscellaneous manufactured articles.....	36,505.5	38,674.1	42,020.1	8.7	
9	Commodities and transactions not classified elsewhere in the SITC.....	14,939.3	15,835.7	17,546.2	10.8	
	Total all imports commodities.....	308,628.0	330,898.1	352,188.7	6.4	

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

^a Includes 27 EU countries.

TABLE A.22 Leading U.S. exports to the European Union^a by Schedule B subheading, 2005–07

Schedule B subheading	Description	2005	2006	2007	Percent change 2006–07
		Million dollars			
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.....	5,700.0	5,916.2	8,780.8	48.4
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.....	5,493.1	7,193.6	7,893.3	9.7
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.....	5,611.4	6,298.8	6,573.3	4.4
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.....	2,486.4	6,452.8	5,957.4	-7.7
8411.91	Parts for turbojets or turbopropellers.....	4,114.3	4,656.7	5,644.9	21.2
3002.10	Antisera and other blood fractions, and modified immunological products.....	3,060.5	3,169.6	4,937.1	55.8
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder.....	958.2	2,822.7	4,234.6	50.0
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg.....	1,179.9	2,444.1	3,151.7	29.0
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.....	2,257.9	2,583.2	2,888.2	11.8
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.....	1,020.4	3,109.8	2,809.1	-9.7
8517.62	Machines for the reception, conversion, transmission or regeneration of voice, images or other data, including switching/routing apparatus.....	(^b)	(^b)	2,596.6	N/A
8411.12	Turbojets of a thrust exceeding 25 kN.....	2,620.7	2,418.2	2,477.5	2.5
8703.33	Passenger motor vehicles with compression-ignition internal combustion piston engine (diesel), cylinder capacity over 2,500 cc.....	171.2	254.3	2,370.1	832.1
8473.30	Parts and accessories for automated data processing machines and units.....	3,486.4	3,320.3	2,137.4	-35.6
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals.....	2,001.3	1,940.6	2,124.2	9.5
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated.....	1,274.4	1,582.6	1,896.8	19.9
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed.....	781.0	1,196.1	1,817.8	52.0
8411.99	Gas turbines parts, n.e.s.o.i.....	1,593.9	1,686.8	1,623.7	-3.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.....	1,605.7	1,791.2	1,441.1	-19.5
2933.39	Heterocyclic compounds containing an unfused pyridine ring, whether or not hydrogenated, in the structure, n.e.s.o.i.....	1,116.0	1,198.3	1,432.9	19.6
7112.99	Waste and scrap of precious metals, other than of gold or platinum, n.e.s.o.i.....	288.5	593.6	1,363.9	129.8
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof.....	1,514.8	1,588.5	1,361.8	-14.3
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.....	1,435.7	1,266.7	1,339.9	5.8
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts.....	993.7	1,184.2	1,257.9	6.2
3824.90	Other chemical products and preparations of the chemical and allied industries, n.e.s.o.i.....	389.7	568.4	1,170.8	106.0
	Total of items shown.....	51,154.7	65,237.2	79,282.6	21.5
	All other.....	117,134.7	132,043.4	146,969.0	11.3
	Total of all commodities.....	168,289.4	197,280.6	226,251.6	14.7

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

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."

^a Includes 27 EU countries.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8517.30 and 8517.50.

TABLE A.23 Leading U.S. imports from the European Union^a by HTS subheading, 2005–07

HTS sub-heading	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	17,021.1	19,229.5	20,600.2	7.1	
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	17,711.6	17,878.5	18,320.2	2.5	
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.	11,393.2	15,876.3	16,214.6	2.1	
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.	15,175.2	14,115.2	14,436.5	2.3	
2934.99	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds, n.e.s.o.i.	5,553.1	6,535.2	7,912.1	21.1	
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	5,296.7	5,067.7	5,687.9	12.2	
8411.91	Parts for turbojets or turbopropellers.	4,453.6	4,925.8	5,642.9	14.6	
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	5,301.7	6,487.9	5,102.0	-21.4	
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed.	2,792.0	3,657.9	4,882.9	33.5	
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	3,072.4	2,937.8	3,596.9	22.4	
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,901.2	2,907.5	3,132.5	7.7	
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds.	1,236.9	1,895.5	3,128.6	65.1	
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	2,047.6	2,468.0	3,100.6	25.6	
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters.	1,938.8	2,209.9	2,472.8	11.9	
8411.12	Turbojets of a thrust exceeding 25 kN.	1,808.4	2,304.0	2,278.5	-1.1	
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	1,864.5	2,127.7	2,160.3	1.5	
3302.10	Mixtures of odoriferous substances and mixtures with a basis of these substances, used in the food or drink industries.	2,025.6	2,015.5	1,963.9	-2.6	
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,407.5	1,588.8	1,785.8	12.4	
8502.31	Electric generating sets, wind-powered.	407.2	885.3	1,731.8	95.6	
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg.	273.7	1,632.7	1,684.0	3.1	
2203.00	Beer made from malt.	1,417.5	1,593.0	1,631.2	2.4	
3002.10	Antisera and other blood fractions, and modified immunological products.	1,163.6	1,266.3	1,447.8	14.3	
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	1,214.1	1,353.1	1,389.4	2.7	
9021.39	Artificial parts of the body and parts and accessories thereof, n.e.s.o.i.	148.5	495.4	1,361.0	174.7	
	Total of items shown.	107,625.8	121,454.4	131,664.5	8.4	
	All other.	201,002.2	209,443.6	220,524.2	5.3	
	Total of all commodities.	308,628.0	330,898.1	352,188.7	6.4	

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

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."

^a Includes 27 EU countries.

TABLE A.24 U.S. merchandise trade with Canada, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars			Percent Change 2006–07
		2005	2006	2007	
Exports:					
0	Food and live animals.....	9,523.5	10,773.8	12,566.8	16.6
1	Beverages and tobacco.....	533.4	639.1	786.4	23.1
2	Crude materials, inedible, except fuels.....	5,356.1	6,077.8	6,772.2	11.4
3	Mineral fuels, lubricants and related materials.....	8,051.6	8,413.5	9,932.6	18.1
4	Animal and vegetable oils, fats and waxes.....	292.1	318.9	424.1	33.0
5	Chemicals and related products, n.e.s.....	21,153.9	22,924.4	23,578.6	2.9
6	Manufactured goods classified chiefly by material.....	26,458.1	29,326.1	30,630.2	4.4
7	Machinery and transport equipment.....	88,563.3	94,284.9	99,531.9	5.6
8	Miscellaneous manufactured articles.....	17,338.0	18,812.8	19,980.3	6.2
9	Commodities and transactions not classified elsewhere in the SITC.....	5,965.0	6,655.2	8,915.7	34.0
	Total all exports commodities.....	183,234.9	198,226.4	213,118.7	7.5
Imports:					
0	Food and live animals.....	12,811.5	13,759.6	15,150.8	10.1
1	Beverages and tobacco.....	849.1	833.5	811.7	-2.6
2	Crude materials, inedible, except fuels.....	13,287.8	13,424.9	12,612.1	-6.1
3	Mineral fuels, lubricants and related materials.....	65,362.7	72,853.3	78,178.9	7.3
4	Animal and vegetable oils, fats and waxes.....	444.4	561.8	784.5	39.7
5	Chemicals and related products, n.e.s.....	19,764.9	22,176.2	24,319.7	9.7
6	Manufactured goods classified chiefly by material.....	43,447.6	48,084.4	47,905.3	-0.4
7	Machinery and transport equipment.....	98,973.1	98,002.3	99,696.6	1.7
8	Miscellaneous manufactured articles.....	16,269.9	16,451.7	15,880.9	-3.5
9	Commodities and transactions not classified elsewhere in the SITC.....	16,322.7	16,886.3	17,164.1	1.6
	Total all imports commodities.....	287,533.5	303,034.0	312,504.5	3.1

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.25 Leading U.S. exports to Canada, by Schedule B subheading, 2005-07

Schedule B sub-heading	Description	Million dollars			Percent Change 2006-07
		2005	2006	2007	
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	5,713.3	6,563.2	7,024.2	7.0
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.	5,893.8	5,830.7	6819.8	17.0
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt.	3,666.6	4,353.3	5,695.5	30.8
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,334.0	5,168.8	5,091.0	-1.5
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc.	3,454.9	3,956.7	4,730.5	19.6
8708.40	Gear boxes for motor vehicles.	2,526.7	2,578.6	2,997.4	16.2
2711.21	Natural gas, gaseous state.	2,787.1	2,048.3	2,627.9	28.3
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	4,526.2	4,370.9	2,552.0	-41.6
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	1,617.8	2,003.3	2,480.3	23.8
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	910.4	733.1	1,884.7	157.1
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,511.8	1,727.7	1,550.6	-10.2
8409.91	Parts for spark-ignition internal-combustion piston engines.	1,602.7	1,407.8	1,549.8	10.1
8708.50	Drive axles with differential for motor.	857.4	882.6	1,369.2	55.1
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy.	1,198.6	1,369.0	1,298.5	-5.1
7112.91	Gold waste and scrap, including metal clad with gold but excluding sweepings containing other precious metals.	471.6	1,013.4	1,245.1	22.9
8704.22	Motor vehicles for goods transport n.e.s.o.i., with compression-ignition internal combustion piston engine, weighing 5 to 20 mt.	1,183.5	1,291.4	1,161.9	10.0
8708.30 ^a	Brakes and servo-brakes for motor vehicles, and parts thereof.	1,144.4	2,003.3	1,133.9	-5.8
8471.50	Digital processing units other than those of 8471.41 and 8471.49.	1,055.1	994.3	1,100.8	10.7
8716.10	Trailers and semi-trailers for housing or camping.	647.2	908.0	1,090.6	20.1
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt.	825.1	986.9	1,042.7	5.7
8701.20	Road tractors for semi-trailers.	1,556.0	1,744.4	1,034.2	-40.7
8523.40	Optical media.	(^c)	(^c)	1,025.1	N/A
4902.90	Newspapers, etc. appearing less than 4 times per week.	897.7	965.9	1,000.3	3.6
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude.	606.2	2,003.3	993.5	16.9
2716.00	Electrical energy.	1,039.1	1,052.0	991.0	-5.8
	Total of items shown.	51,027.3	54,003.6	59,490.6	10.2
	All other.	132,207.6	144,222.8	153,628.2	6.5
	Total of all commodities.	183,234.877	198,226.4	213,118.724	7.5

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

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."

^a Trade in 2005 and 2006 reported under Schedule B subheadings 8708.31 and 8708.39.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B headings 8523 and 8524.

TABLE A.26 Leading U.S. imports from Canada, by HTS subheading, 2005–07

HTS sub- heading	Description	Million dollars			Percent Change 2006–07
		2005	2006	2007	
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude.	24,119.8	32,889.2	37,928.6	15.3
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	31,373.7	30,904.8	30,312.0	-1.9
2711.21	Natural gas, gaseous state.	26,871.8	24,211.0	22,369.8	-7.6
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt.	7,803.4	6,648.2	7,436.8	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.	4,902.3	5,588.4	6,429.4	15.0
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	4,324.8	5,216.2	6,264.8	20.1
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm.	6,610.4	6,038.9	4,859.7	-19.5
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.	4,181.9	4,219.2	4,830.8	14.5
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,743.3	2,584.8	3,650.8	41.2
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	3,377.0	3,087.6	3,346.3	8.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	5,079.5	4,833.3	3,197.4	-33.8
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc.	3,059.0	2,434.0	2,904.8	19.3
7601.10	Unwrought aluminum, alloys.	2,073.8	2,884.1	2,717.0	-5.8
2716.00	Electrical energy.	2,479.3	2,518.4	2,713.3	7.7
7601.10	Aluminum, not alloyed, unwrought.	1,709.9	2,428.5	2,685.9	10.6
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.	2,281.2	2,215.3	2,392.8	8.0
4801.00	Newsprint, in rolls or sheets.	2,979.2	2,987.0	2,344.6	-21.5
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	2,472.8	1,828.3	2,334.4	-27.7
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder.	1,418.9	1,803.2	2,073.9	15.0
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg.	2,097.4	1,597.2	1,992.7	24.8
7502.10	Nickel, not alloyed, unwrought.	773.2	1,105.1	1,959.8	77.3
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood.	1,680.4	1,655.7	1,924.9	16.3
2711.12	Propane, liquefied.	1,651.5	1,790.6	1,915.9	7.0
7403.11	Refined copper, cathodes and sections of cathodes.	878.4	1,315.2	1,681.0	27.8
3104.20	Medicaments, for therapeutic or prophylactic uses, in measured doses, containing antibiotics other than penicillins.	1,236.6	1,191.1	1,541.9	29.4
	Total of items shown.	147,179.4	153,975.5	161,809.3	5.1
	All other.	140,354.1	149,058.5	150,695.3	1.1
	Total of all commodities.	287,533.5	303,034.0	312,504.5	3.1

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

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."

TABLE A.27 U.S. merchandise trade with China, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars				Percent Change 2006–07
		2005	2006	2007	2006–07	
Exports:						
0	Food and live animals.....	1,108.3	1,412.1	1,934.4	37.0	
1	Beverages and tobacco.....	15.2	81.1	91.1	12.3	
2	Crude materials, inedible, except fuels.....	9,693.7	13,630.0	16,418.7	20.5	
3	Mineral fuels, lubricants and related materials.....	120.0	200.1	291.3	45.6	
4	Animal and vegetable oils, fats and waxes.....	21.7	72.1	168.5	133.6	
5	Chemicals and related products, n.e.s.....	5,318.9	6,153.0	8,303.0	34.9	
6	Manufactured goods classified chiefly by material.....	3,004.1	3,606.1	3,959.1	9.8	
7	Machinery and transport equipment.....	16,347.9	22,508.3	25,573.9	13.6	
8	Miscellaneous manufactured articles.....	2,834.4	3,475.5	3,718.4	7.0	
9	Commodities and transactions not classified elsewhere in the SITC.....	392.6	485.9	554.8	14.2	
	Total all exports commodities.....	<u>38,856.7</u>	<u>51,624.1</u>	<u>61,013.2</u>	<u>18.2</u>	
Imports:						
0	Food and live animals.....	2,756.6	3,568.9	4,195.8	17.6	
1	Beverages and tobacco.....	28.6	29.7	42.8	44.3	
2	Crude materials, inedible, except fuels.....	1,337.8	1,487.9	1,578.0	6.1	
3	Mineral fuels, lubricants and related materials.....	949.0	1,088.7	640.9	-41.1	
4	Animal and vegetable oils, fats and waxes.....	15.8	22.6	34.2	51.5	
5	Chemicals and related products, n.e.s.....	5,135.0	6,191.4	7,244.6	17.0	
6	Manufactured goods classified chiefly by material.....	28,077.1	36,258.2	40,195.9	10.9	
7	Machinery and transport equipment.....	108,947.0	131,221.4	148,085.4	12.9	
8	Miscellaneous manufactured articles.....	92,490.6	103,705.3	117,102.1	12.9	
9	Commodities and transactions not classified elsewhere in the SITC.....	2,900.3	3,478.4	3,965.8	14.0	
	Total all imports commodities.....	<u>242,638.0</u>	<u>287,052.4</u>	<u>323,085.5</u>	<u>12.6</u>	

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.28 Leading U.S. exports to China, by Schedule B subheading, 2005–07

Schedule B sub-heading	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.....	3,715.1	5,221.5	6,192.1	18.6	
1201.00	Soybeans, whether or not broken.....	2,253.1	2,529.8	4,117.3	62.8	
8542.31	Electronic integrated circuits, processors or controllers.....	(^a)	(^a)	2,294.3	N/A	
7404.00	Copper waste and scrap.....	676.3	1,439.2	1,786.1	24.1	
7602.00	Aluminum waste and scrap.....	702.5	1,484.3	1,590.5	7.2	
5201.00	Cotton, not carded or combed.....	1,397.1	2,059.5	1,454.3	-29.4	
8542.32	Electronic integrated circuits, memories.....	(^a)	(^a)	1,086.1	N/A	
8542.39	Electronic integrated circuits, n.e.s.o.i.....	(^a)	(^a)	976.0	N/A	
8486.20	Machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits..	(^b)	(^b)	880.3	N/A	
7204.29	Waste and scrap, of non-stainless alloy steel.....	287.4	648.1	784.7	21.1	
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.....	510.4	715.7	779.2	8.9	
8473.30	Parts and accessories for automated data processing machines and units.....	673.3	882.1	698.9	-20.8	
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared.....	485.0	635.0	632.2	-0.4	
4707.90	Recovered waste and scrap paper or paperboard, n.e.s.o.i., including unsorted such waste and scrap...	166.9	433.4	600.2	38.5	
0207.14	Chicken cuts and edible offal, including livers, frozen.....	122.3	294.1	549.0	86.7	
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.....	247.3	373.9	489.8	31.0	
7204.49	Ferrous waste and scrap, n.e.s.o.i.....	595.0	495.4	469.4	-5.2	
2603.00	Copper ores and concentrates.....	111.9	214.9	424.2	97.4	
7204.21	Waste and scrap, of stainless steel.....	233.4	233.7	421.3	80.2	
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard.....	311.7	377.5	410.3	8.7	
4707.30	Recovered (waste and scrap) paper or paperboard, mainly of mechanical pulp (for example, newspapers, journals and similar printed matter).....	183.3	222.8	374.5	68.1	
8517.62	Machines for the reception, conversion, transmission or regeneration of voice, images or other data, including switching/routing apparatus.....	(^c)	(^c)	366.3	N/A	
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.....	109.9	253.0	352.6	39.4	
2804.61	Silicon, containing by weight not less than 99.99 percent of silicon.....	72.5	178.7	344.9	93.0	
3902.10	Polypropylene, in primary forms.....	193.3	242.3	339.2	40.0	
	Total of items shown.....	13,047.5	18,934.9	28,413.8	50.1	
	All other.....	25,809.1	32,689.2	32,599.4	-0.3	
	Total of all commodities.....	38,856.7	51,624.1	61,013.2	18.2	

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8542.21, 8542.29, and 8542.60.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

^c Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8517.30, and 8517.50.

TABLE A.29 Leading U. S. imports from China, by HTS subheading, 2005–07

HTS subheading Description	Million dollars				Percent change 2006–07
	2005	2006	2007	2006–07	
8471.30	10,670.3	12,827.7	17,001.8	32.5	
8517.12	(^e)	(^e)	14,029.1	N/A	
8473.30	9,466.8	11,327.6	9,712.7	-14.3	
9503.00 ^b	8,481.5	8,545.2	9,329.3	N/A	
9504.10	2,356.5	3,643.5	7,318.1	100.9	
6403.99	5,252.3	5,703.1	5,540.3	-2.9	
8528.51	(^c)	(^c)	5,239.3	N/A	
8517.62	(^d)	(^d)	4,386.0	N/A	
8525.80 ^e	2,709.4	3,263.9	3,975.4	N/A	
8528.72	(^f)	(^f)	3,897.4	N/A	
8471.70	2,356.3	2,925.3	3,571.2	22.1	
8471.50	1,576.1	1,965.7	3,225.6	64.1	
6402.99	2,671.7	2,860.2	2,972.6	3.9	
8528.59	(^g)	(^g)	2,946.6	N/A	
9403.60	2,612.3	2,828.5	2,789.8	-1.4	
8443.99	(^h)	(^h)	2,696.6	N/A	
8504.40	1,993.9	2,400.4	2,663.1	10.9	
9504.90	2,292.1	2,086.7	2,529.6	21.2	
8521.90	2,894.7	3,406.4	2,525.7	-25.9	
8443.31	(ⁱ)	(ⁱ)	2,510.2	N/A	
4202.92	1,831.5	2,109.9	2,252.1	6.7	
9403.20 ^j	1,692.2	1,860.6	2,131.6	14.6	
8443.32	4,349.2	4,478.6	2,088.6	N/A	
9505.10	1,855.8	1,913.6	1,979.9	3.5	
8519.81	(^k)	(^k)	1,898.6	N/A	
Total of items shown.	65,042.8	74,146.9	119,121.0	105.9	

TABLE A.29—Continued

HTS subheading Description	Million dollars			Percent change 2006–07
	2005	2006	2007	
All other.....	177,595.2	212,905.5	203,964.4	-11.0
Total of all commodities.....	242,638.0	287,052.4	323,083.5	12.6

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8425.20.

^b Trade in 2005 and 2006 reported under HTS headings 9501, 9502, and 9503.

^c Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8471.60.

^d Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8517.30, 8517.50, and 8525.10.

^e Trade in 2005 and 2006 reported under HTS subheadings 8525.30 and 8525.40.

^f Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8528.12 and 8528.13.

^g Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8528.21 and 8528.22.

^h Trade in 2005 and 2006 reported under parts of items contained in HTS headings 8472, 8473, 8517, 8529, and 9009.

ⁱ Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8417.60.

^j Trade in 2005 and 2006 reported under HTS tariff lines 8471.60.51 through 8471.60.67 inclusive, 8517.21.00, and 8517.22.00.

^k Trade in 2005 and 2006 reported under parts of items contained in HTS headings 8519 and 8520.

TABLE A.30 U.S. merchandise trade with Mexico, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
Exports:					
0	Food and live animals.....	6,630.8	8,009.2	9,168.9	14.5
1	Beverages and tobacco.....	114.8	144.0	190.9	32.6
2	Crude materials, inedible, except fuels.....	3,913.7	4,568.3	4,770.9	4.4
3	Mineral fuels, lubricants and related materials.....	5,342.4	5,701.0	6,752.9	18.5
4	Animal and vegetable oils, fats and waxes.....	400.9	374.5	598.0	59.7
5	Chemicals and related products, n.e.s.....	13,807.1	15,934.2	16,705.3	4.8
6	Manufactured goods classified chiefly by material.....	16,312.6	18,527.5	18,767.0	1.3
7	Machinery and transport equipment.....	41,370.1	46,221.4	46,958.6	1.6
8	Miscellaneous manufactured articles.....	9,680.9	10,457.3	10,562.4	1.0
9	Commodities and transactions not classified elsewhere in the SITC.....	4,093.4	4,625.0	4,906.2	6.1
	Total exports commodities.....	101,666.7	114,562.3	119,381.1	4.2
Imports:					
0	Food and live animals.....	6,960.1	7,752.6	8,517.8	9.9
1	Beverages and tobacco.....	2,072.2	2,463.1	2,529.9	2.7
2	Crude materials, inedible, except fuels.....	1,195.3	1,224.1	1,293.1	5.6
3	Mineral fuels, lubricants and related materials.....	24,997.6	32,161.4	33,529.8	4.3
4	Animal and vegetable oils, fats and waxes.....	47.9	52.6	67.9	29.2
5	Chemicals and related products, n.e.s.....	3,319.4	3,982.2	3,800.7	-4.6
6	Manufactured goods classified chiefly by material.....	13,740.2	14,983.5	15,948.0	6.4
7	Machinery and transport equipment.....	88,330.6	104,474.4	113,987.8	9.1
8	Miscellaneous manufactured articles.....	21,756.8	21,857.4	22,070.9	1.0
9	Commodities and transactions not classified elsewhere in the SITC.....	6,796.0	8,104.4	8,412.9	3.8
	Total all imports commodities.....	169,216.1	197,055.6	210,158.8	6.6

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.31 Leading U.S. exports to Mexico, by Schedule B subheading, 2005–07

Schedule B subheading	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.	3,244.3	3,219.4	2,879.3	-10.6
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,316.5	2,899.4	2,758.6	-4.9
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	1,292.2	1,497.4	2,427.0	62.1
8473.30	Parts and accessories for automated data processing machines and units.	999.6	1,243.8	1,778.5	43.0
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,751.9	2,114.0	1,744.0	-17.5
8408.20	Compression-ignition internal-combustion piston engines.	1,583.6	1,493.0	1,726.2	15.6
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	1,779.5	1,520.4	1,604.8	5.6
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,539.7	1,598.9	1,521.0	-4.9
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.	1,165.2	1,475.3	1,507.0	2.1
1005.90	Corn (maize), other than seed.	652.1	1,079.0	1,506.5	39.6
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	1,404.8	1,527.7	1,439.4	-5.8
1201.00	Soybeans, whether or not broken.	845.7	906.8	1,170.2	29.0
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	756.2	918.6	1,054.2	14.8
7326.90	Articles of iron or steel n.e.s.o.i.	890.4	1,064.9	1,043.1	-2.0
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	1,028.3	1,094.0	987.9	-9.7
8544.49	Insulated electric conductors, for a voltage not exceeding 80 volts, not fitted with connectors, n.e.s.o.i.	545.0	678.2	956.7	41.1
7408.11	Wire of refined copper, with a maximum cross sectional dimension over 6 millimeters.	493.3	926.3	874.3	-5.6
3902.10	Polypropylene, in primary forms.	610.1	745.7	853.1	14.4
3923.10	Boxes, cases, crates and similar articles, of plastics.	714.1	774.8	809.5	4.5
2902.43	Para-xylene.	441.7	647.4	726.2	12.2
8708.40	Gear boxes for motor vehicles	543.2	531.6	724.6	36.3
9504.10	Video games used with television receiver and parts and accessories	25.0	156.3	695.1	344.7
0201.30	Meat of bovine animals, boneless, fresh or chilled.	522.0	754.6	683.1	-9.5
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy.	391.6	568.2	632.4	11.3
1001.90	Wheat and meslin, excluding durum wheat.	445.8	418.2	631.1	50.9
	Total of items shown.	25,972.9	29,853.9	32,733.6	9.6
	All other.	75,693.8	84,708.4	86,647.5	2.3
	Total of all commodities.	101,666.7	114,562.3	119,381.1	4.2

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

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."

TABLE A.32 Leading U.S. imports from Mexico, by HTS subheading, 2005–07

HTS subheading	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude.	22,364.0	29,195.5	29,847.6	2.2
8528.72	Reception apparatus for televisions, incorporating a screen or video display device, color.	(^e)	(^e)	14,148.7	N/A
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.	7,179.4	10,639.0	10,109.7	-5.0
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt.	3,044.0	4,694.4	5,058.5	7.8
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships.	4,339.1	4,285.0	4,475.0	4.4
8471.50	Digital processing units other than those of 8471.41 and 8471.49.	3,654.7	3,644.4	3,881.3	6.5
8528.71	Reception apparatus for televisions, not designed to incorporate a screen or video display device.	(^e)	(^e)	3,573.8	N/A
9401.90	Parts of seats (except medical, barbers, dentist, etc.).	2,998.3	3,111.1	3,340.7	7.4
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	3,284.6	3,039.8	3,282.5	8.0
8517.12	Telephones for cellular networks or for other wireless networks.	(^e)	(^e)	2,610.6	N/A
8517.62	Machines for the reception, conversion, transmission or regeneration of voice, images or other data, including switching/routing apparatus.	(^e)	(^e)	2,573.2	N/A
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,617.5	3,011.9	2,462.3	-18.2
8517.70	Parts of telecommunications apparatus.	(^e)	(^e)	2,120.7	N/A
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,309.5	2,583.2	2,120.1	-17.9
8704.22	Motor vehicles for goods transport n.e.s.o.i. with compression-ignition internal combustion piston engine, weighing 5 to 20 metric tons.	730.6	801.9	2,091.1	160.8
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt.	3,075.0	2,808.5	2,043.9	-26.9
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts.	1,425.4	1,662.6	1,976.3	18.9
8418.10	Combined refrigerator-freezers, fitted with separate external doors.	991.0	1,701.5	1,904.3	11.9
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,310.6	1,555.4	1,833.8	17.9
8409.91	Parts for spark-ignition internal-combustion piston engines.	1,295.1	1,493.0	1,720.4	15.2
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.	1,355.6	1,364.5	1,700.2	24.6
2203.00	Beer made from malt.	1,340.5	1,600.4	1,593.1	-0.5
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	1,046.2	1,199.4	1,444.9	20.5
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc.	1,821.7	1,453.5	1,291.0	-11.2
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton.	1,430.9	1,327.5	1,213.1	-8.6
	Total of items shown.	67,613.6	81,172.6	108,426.8	33.6

TABLE A.32—Continued

HTS subheading Description	2005	2006	2007	Percent change 2006–07
All other.	101,602.5	115,883.0	101,731.9	-12.2
Total of all commodities.	169,216.1	197,055.6	210,158.8	6.6

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.i." stands for "not elsewhere specified or included."

^a Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8528.12 and 8528.13.

^b Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8425.20.

^c Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8517.30, 8517.50, and 8525.10.

^d Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8473.30, 8517.90, and 8529.10.

TABLE A.33 U.S. merchandise trade with Japan, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
Exports:						
0	Food and live animals.....	7,431.0	7,805.3	9,063.1	16.1	
1	Beverages and tobacco.....	1,210.8	1,244.3	1,045.4	-16.0	
2	Crude materials, inedible, except fuels.....	2,939.3	3,566.2	4,234.1	18.7	
3	Mineral fuels, lubricants and related materials.....	680.7	600.8	533.6	-11.2	
4	Animal and vegetable oils, fats and waxes.....	64.6	65.1	78.3	20.2	
5	Chemicals and related products, n.e.s.....	7,907.1	8,459.5	9,217.2	9.0	
6	Manufactured goods classified chiefly by material.....	2,815.7	3,293.4	3,682.3	11.8	
7	Machinery and transport equipment.....	18,793.5	20,631.5	20,609.1	-0.1	
8	Miscellaneous manufactured articles.....	7,934.6	8,571.5	8,337.6	-2.7	
9	Commodities and transactions not classified elsewhere in the SITC.....	1,721.4	1,357.9	1,295.0	-4.6	
	Total all exports commodities.....	51,498.7	55,595.5	58,095.8	4.5	
Imports:						
0	Food and live animals.....	424.3	446.7	483.2	8.2	
1	Beverages and tobacco.....	51.6	47.3	53.1	12.2	
2	Crude materials, inedible, except fuels.....	323.2	442.7	595.3	34.5	
3	Mineral fuels, lubricants and related materials.....	519.7	955.9	1,176.4	23.1	
4	Animal and vegetable oils, fats and waxes.....	26.0	26.2	26.9	2.6	
5	Chemicals and related products, n.e.s.....	8,293.1	7,826.2	8,368.4	6.9	
6	Manufactured goods classified chiefly by material.....	7,988.3	8,796.8	8,384.7	-4.7	
7	Machinery and transport equipment.....	104,236.3	113,407.9	110,264.8	-2.8	
8	Miscellaneous manufactured articles.....	11,812.5	11,400.8	11,226.8	-1.5	
9	Commodities and transactions not classified elsewhere in the SITC.....	4,156.3	4,720.4	4,348.4	-7.9	
	Total all imports commodities.....	137,831.3	148,070.7	144,927.9	-2.1	

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.34 Leading U.S. exports to Japan, by Schedule B subheading, 2005–07

Schedule B subheading	Description	Million dollars			Percent change 2007–07
		2005	2006	2007	
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.....	3,099.4	3,440.2	4,096.9	19.1
1005.90	Corn (maize), other than seed.....	1,592.0	1,981.4	2,619.7	32.2
8803.30	Parts of airplanes or helicopters, n.e.s.i.....	1,611.2	1,904.0	2,055.8	8.0
8486.20	Machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits.....	(^e)	(^e)	1,240.4	N/A
1201.00	Soybeans, whether or not broken.....	787	863.8	1,100.2	27.4
8411.91	Parts for turbojets or turbopropellers.....	762.1	979.2	1,085.7	10.9
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.....	552.4	763.6	838.9	9.9
2804.61	Silicon, containing by weight not less than 99.99 percent of silicon.....	450.9	594.0	805.1	35.6
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds.....	457.1	551.1	798.9	45.0
2402.20	Cigarettes containing tobacco.....	877.9	931.5	758.7	-18.5
1001.90	Wheat and meslin, excluding durum wheat.....	506.2	569.1	701.7	-23.3
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.....	509.9	569.9	681.5	19.6
0203.19	Meat of swine, n.e.s.o.i, fresh or chilled.....	493.7	490.7	518.0	5.6
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals.....	454.2	446.6	497.0	11.3
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.....	436.4	495.9	449.8	-9.3
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof.....	488.9	408.8	442.3	8.2
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.....	327.8	674.6	436.7	-35.3
0203.20	Meat of swine, n.e.s.o.i., frozen.....	394.9	336.2	404.5	20.3
4403.20	Coniferous wood in the rough, not treated.....	458.4	449.1	400.6	-10.8
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver).....	324.6	504.0	384.9	-23.6
8473.30	Parts and accessories for automated data processing machines and units.....	650.9	634.8	373.7	-41.1
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.....	347.4	353.5	372.2	5.3
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items.....	365.2	317.1	357.7	12.8
8517.62	Machines for the reception, conversion, transmission or regeneration or voice, images or other data, including switching/routing apparatus.....	(^b)	(^b)	344.8	N/A
8542.31	Electronic integrated circuits, processors or controllers.....	(^c)	(^c)	324.1	N/A
	Total of items shown.....	15,948.7	18,259.0	22,089.9	21.0
	All other.....	35,549.9	37,336.5	36,005.8	-3.6
	Total of all commodities.....	51,498.7	55,595.5	58,095.8	4.5

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8517.30, and 8517.50.

^c Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8542.21, 8542.29, and 8542.60.

TABLE A.35 Leading U. S. imports from Japan, by HTS subheading, 2005--07

HTS subheading Description	Million dollars			Percent change 2006-07
	2005	2006	2007	
8703.24 Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.	18,662.1	20,483.5	21,030.2	2.7
8703.23 Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.	12,932.0	17,459.3	17,262.1	-1.1
8703.22 Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc.	3,490.9	5,691.7	6,024.2	5.8
8443.99 Parts and accessories of printers, copying and facsimile machines, n.e.s.o.i.	(^e)	(^e)	4,202.0	N/A
8525.80 ^b Television cameras, digital cameras, and video camera recorders.	3,655.7	3,430.8	3,450.1	N/A
8708.40 Gear boxes for motor vehicles.	2,924.4	2,585.5	2,837.2	9.7
8708.99 Parts and accessories for motor vehicles, n.e.s.o.i.	3,173.5	3,135.3	2,034.5	-35.1
8803.30 Parts of airplanes or helicopters, n.e.s.o.i.	1,038.0	1,427.7	1,835.9	28.6
8486.20 Machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits.	(^e)	(^e)	1,450.3	N/A
8429.52 Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure.	1,787.1	2,004.2	1,261.4	-37.1
8409.91 Parts for spark-ignition internal-combustion piston engines.	1,295.4	1,202.7	1,171.0	-2.6
3004.90 Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,275.6	1,034.0	1,118.5	8.2
3818.00 Chemical elements doped for use in electronics, in the form of discs, wafers, similar forms; chemical compounds doped for use in electronics.	792.1	886.5	1,063.3	19.9
8471.30 Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display.	841.0	1,022.4	974.3	-4.7
8711.50 Motorcycles and cycles, with an auxiliary motor, with a reciprocating internal combustion piston engine, cylinder capacity over 800 cc.	898.4	1,192.1	909.4	-23.7
8411.91 Parts for turbojets or turbopropellers.	570.5	714.2	893.0	25.0
8701.90 Tractors, n.e.s.o.i.	1,074.4	1,069.4	890.4	-16.7
2710.19 Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	203.8	643.5	849.7	32.0
8711.40 Motorcycles and cycles with auxiliary motor, with reciprocating internal combustion piston engine, cylinder capacity 500 to 800 cc.	942.6	965.0	843.3	-12.6
8523.29 Magnetic media, other than cards incorporating a magnetic stripe.	(^e)	(^e)	835.8	N/A
8542.32 Electronic integrated circuits, memories.	(^e)	(^e)	824.7	N/A
4011.10 New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars.	839.7	829.0	753.3	-9.1
8542.31 Electronic monolithic digital integrated circuits.	(^e)	(^e)	742.4	N/A
8708.29 Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	918.0	820.5	686.3	-16.4
8473.30 Parts and accessories for automated data processing machines and units.	3,685.7	3,733.7	664.2	-82.2
Total of items shown.	61,000.8	70,331.0	74,607.4	11.5

TABLE A.35—Continued

HTS subheading Description	Million dollars			Percent change 2006–07
	2005	2006	2007	
All other.	76,830.4	77,739.7	70,320.6	-13.4
Total of all commodities.	137,831.3	148,070.7	144,927.9	-2.1

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in HTS headings 8472, 8473, 8517, 8529, and 9009.

^b Trade in 2005 and 2006 reported under HTS subheadings 8525.30 and 8525.40.

^c Trade in 2005 and 2006 reported under parts of items contained in HTS chapters 84, 85, and 90.

^d Trade in 2005 and 2006 reported under parts of items contained in HTS headings 8523 and 8524.

^e Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8542.21, 8542.29, and 8542.60.

TABLE A.36 U.S. merchandise trade with Korea, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
Exports:						
0	Food and live animals.....	1,745.5	2,478.4	2,986.8	20.5	
1	Beverages and tobacco.....	52.5	65.1	76.1	17.0	
2	Crude materials, inedible, except fuels.....	2,028.0	2,082.1	3,002.1	44.2	
3	Mineral fuels, lubricants and related materials.....	583.0	872.1	778.7	-10.7	
4	Animal and vegetable oils, fats and waxes.....	32.4	60.9	100.9	65.7	
5	Chemicals and related products, n.e.s.....	4,302.6	4,331.4	5,251.8	21.2	
6	Manufactured goods classified chiefly by material.....	1,095.6	1,288.6	1,479.8	14.8	
7	Machinery and transport equipment.....	13,119.5	15,894.7	14,691.9	-7.6	
8	Miscellaneous manufactured articles.....	2,835.3	3,281.3	4,111.6	25.3	
9	Commodities and transactions not classified elsewhere in the SITC.....	415.9	439.2	531.8	21.1	
	Total all exports commodities.....	26,210.4	30,793.9	33,011.6	7.2	
Imports:						
0	Food and live animals.....	238.0	245.8	260.6	6.0	
1	Beverages and tobacco.....	59.6	67.4	69.3	2.8	
2	Crude materials, inedible, except fuels.....	346.7	317.1	313.8	-1.0	
3	Mineral fuels, lubricants and related materials.....	1,109.1	1,857.9	2,332.2	25.5	
4	Animal and vegetable oils, fats and waxes.....	0.9	1.1	1.2	8.8	
5	Chemicals and related products, n.e.s.....	1,704.0	1,856.8	1,918.6	3.3	
6	Manufactured goods classified chiefly by material.....	4,878.9	5,827.7	5,507.6	-5.5	
7	Machinery and transport equipment.....	31,044.0	30,958.3	31,534.2	1.9	
8	Miscellaneous manufactured articles.....	2,876.8	2,697.4	2,519.8	-6.6	
9	Commodities and transactions not classified elsewhere in the SITC.....	896.5	884.5	911.1	3.0	
	Total all imports commodities.....	43,154.5	44,713.9	45,368.3	1.5	

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.37 Leading U.S. exports to Korea, by Schedule B subheading, 2005–07

Schedule B subheading	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	1,212.2	2,350.8	2,286.4	-2.7
8486.20	Machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits.	(^a)	(^a)	983.8	N/A
8542.39	Electronic integrated circuits, n.e.s.o.i.	(^b)	(^b)	882.9	N/A
1005.90	Corn (maize), other than seed.	237.4	723.0	829.0	14.7
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	850.2	1,381.2	769.1	-44.3
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices.	181.5	106.2	721.7	579.7
8542.31	Electronic integrated circuits, processors or controllers.	(^c)	(^c)	683.3	N/A
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	489.6	846.2	663.0	-21.7
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 watt.	24.8	16.3	622.9	3,725.9
2926.10	Acrylonitrile.	320.1	316.3	499.8	58.0
8541.50	Other semiconductor devices, n.e.s.o.i.	35.3	115.9	484.3	318.1
7602.00	Aluminum waste and scrap.	160.5	258.4	383.4	48.4
2902.50	Styrene (vinylbenzene; phenylethylene).	189.2	130.8	368.0	181.3
8411.91	Parts for turbojets or turbopropellers.	215.7	260.9	334.3	28.1
1001.90	Wheat and meslin, excluding durum wheat.	181.1	188.3	324.9	72.6
8486.90	Parts and accessories of machines and apparatus used in the manufacture of semiconductors, flat panels, or electronic integrated circuits.	(^a)	(^a)	318.8	N/A
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked.	295.1	383.1	293.0	-23.5
7204.49	Ferrous waste and scrap, n.e.s.o.i.	192.8	74.5	292.4	292.5
8542.90	Parts for electronic integrated circuits and microassemblies.	115.2	128.4	273.5	112.9
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.	181.1	297.5	231.7	-22.1
2707.30	Xylenes.	105.4	279.5	229.1	-18.0
7407.00	Copper waste and scrap.	90.5	181.8	228.3	25.5
9305.91	Parts and accessories for military weapons, excluding revolvers and pistols, and swords, bayonets, lances, and similar arms.	13.8	24.4	224.0	819.4
2608.00	Zinc ores and concentrates.	97.9	142.3	217.9	53.1
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	209.2	161.0	214.7	33.4
	Total of items shown.	5,398.4	8,366.8	13,360.2	59.7
	All other.	20,812.0	22,427.1	19,651.4	-12.4
	Total of all commodities.	26,210.4	30,793.9	33,011.6	7.2

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8542.21, 8542.29, and 8542.60.

^c Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8542.21, 8542.29, and 8542.60.

TABLE A.38 Leading U.S. imports from Korea, by HTS subheading, 2005–07

HTS subheading Description	Million dollars			Percent change 2006–07
	2005	2006	2007	
8703.23 Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc.....	6,138.1 (^a)	6,121.4 (^c)	6,362.7	3.9
8517.12 Telephones for cellular networks or for other wireless networks			6,178.9	N/A
8703.24 Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc.....	2,746.7	2,974.0	2,423.9	-18.5
8473.30 Parts and accessories for automated data processing machines and units.....	1,765.5	2,073.6	2,073.6	-0.1
2710.19 Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light.....	882.9	1,437.7	1,821.1	26.7
8542.32 Electronic integrated circuits, memories.....	(^b)	(^c)	1,093.5	N/A
8542.39 Electronic integrated circuits, n.e.s.o.i.....	(^b)	(^c)	752.7	N/A
8708.29 Parts and accessories for motor vehicles, n.e.s.o.i.....	582.0	722.6	602.1	-16.7
4011.10 New pneumatic tires, or rubber, or a kind used on motor cars, including station wagons and racing cars.....	418.9	501.6	533.4	6.3
8542.31 Electronic integrated circuits, processors or controllers.....	(^b)	(^c)	516.5	N/A
2902.20 Benzene.....	253.4	438.3	456.9	4.3
8418.10 Combined refrigerator-freezers, fitted with separate external doors.....	314.0	400.1	444.4	11.1
2710.11 Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.....	1,158.0	383.2	426.8	11.4
8450.20 Household- or laundry-type washing machines, with a dry linen capacity exceeding 10 kilograms.....	100.9	139.9	406.0	190.3
8429.52 Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure.....	335.2	436.4	308.6	-29.3
8451.29 ^a Drying machines for textile yarns, fabrics, or made up textile articles, with a dry linen capacity exceeding 10 kilograms.....	97.6	171.2	297.1	73.6
8708.30 Brakes and servo-brakes for motor vehicles, and parts thereof.....	102.9	178.2	251.4	N/A
8803.30 Parts of airplanes or helicopters, n.e.s.o.i.....	181.5	209.5	246.5	17.7
8517.70 Parts of telecommunications apparatus.....	(^e)	(^c)	245.5	N/A
8471.80 Automated data processing machines storage units.....	287.0	154.7	241.8	56.3
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.....	197.2	218.4	240.2	10.0
4011.20 New pneumatic tires, of rubber, of a kind used on buses or trucks.....	229.9	248.0	237.9	-4.1
8525.60 Transmission apparatus for radio-broadcasting or television, incorporating reception apparatus.....	(^e)	(^c)	234.9	N/A
8504.23 Liquid dielectric transformers having a power handling capacity exceeding 10,000 kva.....	48.5	96.3	226.6	135.3
8528.51 Monitors, other than cathode-ray tube, designed for use with automatic data processing machines.....	(^f)	(^f)	219.8	N/A

TABLE A.38—Continued

HTS subheading Description	Million dollars			Percent change 2006–07
	2005	2006	2007	
Total of items shown.....	14,799.7	16,907.1	26,842.8	60.5
All other.....	28,354.8	27,806.8	18,525.5	-33.8
Total of all commodities.....	43,154.5	44,713.9	45,368.3	1.5

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8425.20.

^b Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8542.21, 8542.29, and 8542.60.

^c Trade in 2005 and 2006 reported under HTS subheadings 8708.31 and 8708.39.

^d Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8473.30, 8517.90, and 8529.10.

^e Trade in 2005 and 2006 reported under HTS tariff lines 8525.20.05 through 8525.20.30 inclusive, and part of 8525.20.90.

^f Trade in 2005 and 2006 reported under parts of items contained in HTS subheading 8471.60.

TABLE A.39 U.S. merchandise trade with Taiwan, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
Exports:					
0	Food and live animals.....	1,505.4	1,564.5	1,950.7	24.7
1	Beverages and tobacco.....	70.4	61.5	49.4	-19.7
2	Crude materials, inedible, except fuels.....	1,317.0	1,683.0	2,448.6	45.5
3	Mineral fuels, lubricants and related materials.....	52.1	76.2	96.1	26.1
4	Animal and vegetable oils, fats and waxes.....	7.0	4.7	18.1	288.0
5	Chemicals and related products, n.e.s.....	2,899.6	3,208.7	3,684.8	14.8
6	Manufactured goods classified chiefly by material.....	983.5	1,123.3	1,209.9	7.7
7	Machinery and transport equipment.....	10,810.8	10,641.2	12,056.0	13.3
8	Miscellaneous manufactured articles.....	2,467.9	2,581.5	2,548.5	-1.3
9	Commodities and transactions not classified elsewhere in the SITC.....	413.4	431.9	479.1	10.9
	Total all exports commodities.....	20,527.1	21,376.3	24,541.0	14.8
Imports:					
0	Food and live animals.....	255.2	242.0	258.9	7.0
1	Beverages and tobacco.....	9.8	9.5	9.7	1.3
2	Crude materials, inedible, except fuels.....	182.5	233.1	296.5	27.2
3	Mineral fuels, lubricants and related materials.....	332.5	410.3	641.8	56.4
4	Animal and vegetable oils, fats and waxes.....	5.7	6.0	7.3	21.6
5	Chemicals and related products, n.e.s.....	1,014.1	1,090.2	1,071.7	-1.7
6	Manufactured goods classified chiefly by material.....	5,469.5	6,454.6	6,197.6	-4.0
7	Machinery and transport equipment.....	20,077.6	22,343.1	22,200.3	-0.6
8	Miscellaneous manufactured articles.....	6,114.1	5,973.4	5,906.1	-1.1
9	Commodities and transactions not classified elsewhere in the SITC.....	1,113.4	1,323.5	1,462.6	10.5
	Total all imports commodities.....	34,574.4	38,085.7	38,052.4	-0.1

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.40 Leading U.S. exports to Taiwan, by Schedule B subheading, 2005–07

Schedule B subheading	Description	Million dollars				Percent change 2006–07
		2005	2006	2007	2006–07	
8486.20	Machines and apparatus for the manufacture of semiconductor devices or electronic integrated circuits.	(¹)	(¹)	2,490.7	N/A	
8542.31	Electronic integrated circuits, processors or controllers.	(¹)	(¹)	1,520.8	N/A	
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	1,769.2	981.9	1,287.5	31.1	
8542.32	Electronic integrated circuits, memories.	(¹)	(¹)	1,023.6	N/A	
8542.39	Electronic integrated circuits, n.e.s.o.i.	(¹)	(¹)	960.3	N/A	
1005.90	Corn (maize), other than seed.	553.8	565.7	754.6	33.4	
1201.00	Soybeans, whether or not broken.	430.0	473.5	714.1	50.8	
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items.	345.8	340.6	497.7	46.1	
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	552.1	546.8	384.1	-29.8	
8486.90	Parts and accessories of machines and apparatus used in the manufacture of semiconductors, flat panels, or electronic integrated circuits.	(¹)	(¹)	357.8	N/A	
7204.49	Ferrous waste and scrap, n.e.s.o.i.	41.0	113.7	323.3	184.4	
7003.19	Cast glass and rolled glass, in nonwired sheets, in nonwired sheets, not body tinted, opacified, flashed, nor having an absorbent or reflecting layer.	192.0	252.5	299.2	18.5	
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices.	299.6	348.0	289.4	16.8	
2902.50	Styrene (vinylbenzene; phenylethylene).	127.3	85.3	285.7	235.0	
1001.90	Wheat and meslin, excluding durum wheat.	172.4	160.2	282.4	76.2	
7204.21	Waste and scrap, of stainless steel.	104.1	104.0	281.6	170.7	
2926.10	Acrylonitrile.	185.3	214.3	243.1	13.4	
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked.	244.1	230.0	216.1	-6.0	
7602.00	Aluminum waste and scrap, n.e.s.o.i.	66.6	101.7	211.2	107.7	
8543.90	Parts for electrical machines and apparatus, having individual functions, n.e.s.o.i.	120.0	197.0	178.7	-9.3	
8473.30	Parts and accessories for automated data processing machines and units.	203.1	196.8	150.4	-23.6	
5201.00	Cotton, not carded or combed.	154.9	196.8	139.9	-8.2	
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	11.0	55.5	134.4	142.3	
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 15 kilograms, fresh pickled or preserved but not tanned or further prepared.	107.3	129.8	130.7	0.7	
8411.12	Turbojets of a thrust exceeding 25 kN.	80.0	57.2	130.3	128.0	
	Total of items shown.	5,758.8	537.0	13,287.5	150.4	
	All other.	14,767.3	16,069.4	11,253.5	-30.0	
	Total of all commodities.	20,527.1	21,376.3	24,541.0	14.8	

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

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."

^a Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8542.21, 8542.29, and 8542.60.

^c Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

TABLE A.41 Leading U.S. imports from Taiwan, by HTS subheading, 2005–07

HTS subheading	Description	Million dollars			Percent change 2006–07
		2005	2006	2007	
8542.39	Electronic integrated circuits, n.e.s.o.i.	(^a)	(^a)	2,022.3	N/A
8473.30	Parts and accessories for automated data processing machines and units.	2,520.7	2,521.5	1,865.2	-26.0
8526.91	Radio navigational aid apparatus.	470.8	828.3	1,661.3	100.6
8517.12	Telephones for cellular networks or for other wireless networks.	(^b)	(^b)	1,323.0	N/A
8542.32	Electronic integrated circuits, memories.	(^c)	(^c)	1,119.2	N/A
8542.31	Electronic integrated circuits, processors or controllers.	(^d)	(^d)	888.4	N/A
8528.72	Reception apparatus for television, incorporating a screen or video display device, color.	(^e)	(^e)	774.8	N/A
8523.40	Optical media.	(^f)	(^f)	704.0	N/A
8528.71	Reception apparatus for television, not designed to incorporate a screen or video display device.	(^g)	(^g)	689.4	N/A
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers.	459.3	467.3	490.2	4.9
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products.	103.0	94.4	465.3	392.9
8523.51	Solid state nonvolatile semiconductor storage devices.	(^h)	(^h)	399.3	N/A
7318.14	Self-tapping screws of iron or steel.	412.3	447.1	398.4	-10.9
8534.00	Printed circuits.	360.1	378.1	383.8	1.5
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles.	291.2	323.5	364.4	12.6
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	267.1	337.8	341.8	1.2
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	313.9	326.6	336.4	3.0
8517.62	Machines for the reception, conversion, transmission or regeneration of voice, images or other data, including switching/routing apparatus.	(ⁱ)	(ⁱ)	327.6	N/A
8504.40	Static converters.	294.4	308.4	292.7	-5.1
8471.80	Other units of automated data processing machines.	745.8	523.7	287.6	-45.1
7318.16	Nuts, threaded, of iron or steel.	260.6	260.0	271.2	4.3
8708.99	Parts and accessories of motor vehicles, n.e.s.o.i.	265.4	275.8	268.4	-2.7
8525.50 ⁹	Transmission apparatus for radio-broadcasting or television.	95.8	172.5	258.4	N/A
8528.59	Monitors, other than cathode-ray tube, not designed for use with automatic data processing machines.	(^j)	(^j)	257.8	N/A
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof.	286.6	275.8	256.1	-7.2
	Total of items shown.	7,147.3	7,540.6	16,447.0	123.2

TABLE A.41—Continued

HTS subheading Description	Million dollars			Percent change 2006–07
	2005	2006	2007	
All other.	27,427.0	30,545.0	21,605.4	29.7
Total of all commodities.	34,574.4	38,085.7	39,052.4	-0.1

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.i." stands for "not elsewhere specified or included."

- ^a Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8542.21, 8542.29, and 8542.60.
- ^b Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8425.20.
- ^c Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8528.12 and 8525.13.
- ^d Trade in 2005 and 2006 reported under parts of items contained in HTS headings 8523 and 8524.
- ^e Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8517.30, 8517.50, and 8525.10.
- ^f Trade in 2005 and 2006 reported under HTS tariff lines 8525.10.10 through 8525.10.70 inclusive.
- ^g Trade in 2005 and 2006 reported under parts of items contained in HTS subheadings 8528.21 and 8528.22.

TABLE A.42 U.S. merchandise trade with India, by SITC codes (revision 3), 2005–07

SITC Code No.	Description	Million dollars				Percent change 2006–07
		2005	2006	2007		
	Exports:					
0	Food and live animals.....	204.9	264.1	332.7	26.0	
1	Beverages and tobacco.....	2.8	2.6	4.3	61.2	
2	Crude materials, inedible, except fuels.....	548.8	590.5	908.6	53.9	
3	Mineral fuels, lubricants and related materials.....	360.6	389.8	396.8	1.8	
4	Animal and vegetable oils, fats and waxes.....	18.0	18.9	15.3	-19.6	
5	Chemicals and related products, n.e.s.....	1,418.3	1,772.9	2,232.5	25.9	
6	Manufactured goods classified chiefly by material.....	502.0	738.5	1,314.8	78.0	
7	Machinery and transport equipment.....	2,852.3	4,070.9	9,230.7	126.7	
8	Miscellaneous manufactured articles.....	842.3	970.2	1,219.7	25.7	
9	Commodities and transactions not classified elsewhere in the SITC.....	215.2	206.2	653.4	217.0	
	Total all exports commodities.....	6,965.2	9,024.8	16,308.6	80.7	
	Imports:					
0	Food and live animals.....	910.6	894.1	904.5	1.2	
1	Beverages and tobacco.....	18.1	17.5	21.1	20.8	
2	Crude materials, inedible, except fuels.....	320.2	373.3	357.9	-4.1	
3	Mineral fuels, lubricants and related materials.....	590.4	284.0	769.0	170.8	
4	Animal and vegetable oils, fats and waxes.....	45.2	45.9	57.9	26.2	
5	Chemicals and related products, n.e.s.....	1,520.1	1,996.7	2,754.9	38.0	
6	Manufactured goods classified chiefly by material.....	7,174.9	8,126.2	8,829.6	8.7	
7	Machinery and transport equipment.....	1,960.5	2,731.7	3,049.1	11.6	
8	Miscellaneous manufactured articles.....	5,947.4	6,876.5	6,776.0	-1.5	
9	Commodities and transactions not classified elsewhere in the SITC.....	222.7	327.8	337.0	2.8	
	Total all imports commodities.....	18,710.0	21,673.6	23,856.9	10.1	

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

Note: Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s." stands for "not elsewhere specified."

TABLE A.43 Leading U.S. exports to India, by Schedule B subheading, 2005–07

Schedule B subheading	Description	Million dollars				Percent change 2006–07
		2004	2005	2006		
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg.	467.5	1,313.3	5,682.0	332.6	
3100.00	Fertilizers.	413.2	586.7	778.3	32.7	
7102.39	Nonindustrial diamonds, n.e.s.o.i.	55.3	232.2	502.5	116.3	
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, including powder.	34.4	(^e)	373.2	7,613,328.2	
8431.43	Parts for boring and sinking machinery, n.e.s.o.i.	86.3	106.9	193.1	80.7	
2707.99	Oils and products of the distillation of high temperature coal tar, n.e.s.o.i.; similar products with predominant aromatic constituent.	98.9	215.6	191.4	-12.0	
8517.62	Machines for the reception, conversion, transmission or regeneration of voice, images or other data, including switching/routing apparatus.	(^b)	(^b)	190.8	N/A	
8523.40	Optical media.	(^c)	(^c)	163.4	N/A	
7106.91	Silver, other than powder.	(^b)	(^b)	157.3	626,035.4	
8411.91	Parts for turbojets or turbopropellers.	74.0	96.8	146.1	50.9	
7204.49	Ferrous waste and scrap, n.e.s.o.i.	125.8	77.7	145.4	87.2	
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg.	56.9	92.2	144.1	56.3	
8471.50	Digital processing units other than those of 847.41 and 8471.49.	44.3	54.4	128.7	136.2	
7204.21	Waste and scrap, of stainless steel.	45.3	43.8	126.3	188.5	
0802.11	Almonds, fresh or dried, in shell.	94.4	114.3	125.5	9.8	
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	52.5	66.9	101.3	51.4	
8411.12	Turbojets of a thrust exceeding 25 kN.	18.4	76.7	94.7	23.5	
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated.	150.2	101.2	90.6	-10.5	
4707.10	Waste and scrap and unbleached kraft paper or paperboard or of corrugated paper or paperboard.	35.0	41.5	89.7	116.3	
3815.19	Supported catalysts, n.e.s.o.i.	7.1	53.0	85.5	61.1	
8517.51	Parts of telecommunications apparatus.	(^b)	(^b)	85.0	N/A	
5201.00	Cotton, not carded or combed.	41.5	52.5	78.5	49.7	
2926.10	Acrylonitrile.	60.8	70.6	77.0	9.0	
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	31.6	47.1	69.8	48.3	
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver).	101.0	100.6	61.5	-38.9	
	Total of items shown.	2,094.5	3,546.0	9,881.4	178.7	
	All other.	4,870.7	5,478.8	6,427.3	17.3	
	Total of all commodities.	6,965.2	9,024.8	16,308.6	80.7	

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

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."

^a U.S. value is less than \$50,000.

^b Trade in 2005 and 2006 reported under parts of items contained in Schedule B subheadings 8517.30 and 8517.50.

^c Trade in 2005 and 2006 reported under parts of items contained in Schedule B headings 8523 and 8524.

^d Trade in 2005 and 2006 reported under parts of items contained in Schedule B chapters 84, 85, and 90.

TABLE A.44 Leading U.S. imports from India, by HTS subheading, 2005–07

HTS subheading	Description	Million dollars			Percent change 2006–07
		2004	2005	2006	
7102.39	Nonindustrial diamonds, n.e.s.o.i.	3,079.6	3,256.1	3,686.4	13.2
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,676.3	3,308.5	2,200.6	-4.7
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	303.2	188.3	702.5	273.0
3004.90	Certain medicaments put up in measure doses or in forms or packages for retail sale, n.e.s.o.i.	1,205.2	241.4	498.2	106.4
6302.60	Toilet and kitchen linen, of terry toweling or similar terry fabrics, of cotton	247.4	315.3	389.1	23.4
7305.19	Line pipe used in oil or gas pipelines, external diameter over 406.4 millimeters, or iron or steel, riveted or similarly closed, n.e.s.o.i.	112.0	3.7	350.9	9,496.9
6110.20	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of cotton	270.8	299.1	346.4	15.8
6206.30	Women's or girl's blouses, shirts and shirt-blouses, of cotton, not knitted or crocheted	336.1	373.1	300.2	-19.6
6302.31	Bed linen, other than printed, of cotton, not knitted or crocheted	220.8	264.2	298.2	12.9
6105.10	Men's or boys' shirts, of cotton, knitted or crocheted	214.9	293.7	296.7	1.0
8502.31	Electric generating sets, wind-powered	12.5	216.6	253.5	17.0
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	44.8	80.5	228.6	184.2
6204.62	Women's or girls' trouser, etc., of cotton, not knitted or crocheted	132.5	181.1	227.5	25.6
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	131.4	183.4	226.1	23.3
6205.20	Men's or boys' shirts of cotton, not knitted or crocheted	294.0	228.9	221.0	-3.4
8701.90	Tractors, n.e.s.o.i.	143.7	126.0	201.3	59.7
3004.20	Lead oxides, n.e.s.o.i.	89.6	110.9	200.7	80.9
801.32	Cashew nuts, fresh or dried, shelled	260.9	214.9	197.1	-8.3
5701.10	Carpets and other textile floor coverings, knotted, whether or not made up, of wool or fine animal hair	181.9	193.9	191.4	-1.3
8504.40	Static converters	126.7	173.8	184.5	6.2
6109.10	T-shirts, singlets, tank tops and similar garments, of cotton, knitted or crocheted	98.6	161.5	182.5	13.0
0306.13	Shrimps and prawns, including in shell, cooked by steaming or by boiling in water, frozen	289.6	228.3	173.8	-23.9
6802.93	Work monumental or building stone n.e.s.o.i., of granite	156.4	173.5	157.8	-9.0
7210.49	Flat-rolled iron or nonalloy steel, not corrugated, 600 mm or more wide, plated or coated with zinc other than electrolytically	246.6	509.9	154.7	-69.6
7305.11	Line pipe for oil or gas pipelines, external diameter over 406.4 millimeters, or iron or steel, longitudinally submerged arc welded	0.0	8.7	152.8	1,666.2
	Total of items shown	8,790.5	10,335.0	12,022.5	16.3
	All other	9,919.5	11,338.6	11,834.4	4.4
	Total of all commodities	18,710.0	21,673.6	23,856.9	10.1

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

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."