United States International Trade Commission

THE YEAR IN TRADE 2004

Operation of the Trade Agreements Program

56TH REPORT

USITC Publication 3779
July 2005

U.S. International Trade Commission

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56th Report

Publication 3779 **July 2005**

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List of Frequently Used Abbreviations and Acronyms

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

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56th Report

CHAPTER 1
Introduction

Purpose and Organization of the Report

This report is the 56th in a series of reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 and its predecessor legislation.[1] The report is one of the principal means by which the U.S. International Trade Commission (USITC or the Commission) provides Congress with factual information on trade policy and its administration for calendar year 2004. The report also serves as a historical record of the major trade-related activities of the United States to be used as a general reference by government officials and others with an interest in U.S. trade relations. The trade agreements program includes "all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution" and congressional legislation.[2]

Chapter 1 summarizes selected trade agreements activities during 2004, as described in more detail elsewhere in the report, and provides an overview of the international economic environment during the year. Chapter 2 summarizes activities relating to the administration of U.S. trade laws and regulations. Chapter 3 focuses on the activities of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia-Pacific Economic Cooperation (APEC) forum. Chapter 4 summarizes free trade agreements (FTAs) that the United States negotiated or was negotiating during 2004. Chapter 5 focuses on selected trade-related activities between the United States and its major trading partners-the European Union (EU), Canada, Mexico, China, Japan, Taiwan, and Korea. The final section of the report contains a statistical appendix.

Summary of Trade Agreements Activities in 2004

In 2004, U.S. trade agreements activities included the administration of U.S. laws and regulations; U.S. participation in the WTO, the OECD, and APEC; U.S. negotiation of and participation in FTAs; and bilateral developments with major trading partners. Highlights of key trade agreements activities, including some that are described in more detail in this report, are presented in table 1-1. A summary of the major information contained in each chapter of the report follows.

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

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

Table 1-1
Summary of 2004 Trade Agreements Activities

Date	Event
January	
8	USTR announces it will place Korea on the section 301 Priority Watch List for 2004 because of increased piracy of online music in Korea.
11	USTR Zoellick sends an open letter to 146 trade ministers regarding how to advance the Doha trade negotiations during 2004.
19	The WTO Appellate Body upholds dispute panel findings that Canadian stumpage programs are a subsidy for the Canadian lumber industry under the WTO Agreement on Subsidies and Countervailing Measures.
26	The United States and Bahrain begin FTA negotiations.
28	Draft text of the U.S. FTA with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) is made public.
February	
8	The United States and Australia complete FTA negotiations.
12	President Bush notifies Congress of his intention to begin FTA negotiations with Thailand.
13	President Bush notifies Congress of his intention to enter into an FTA with Australia.
20	President Bush notifies Congress of his intention to enter into FTA with the Central American countries.
27	The United States and the European Union (EU) sign a mutual recognition agreement on marine equipment.
March	
1	EU imposes tariffs of 5 percent on selected U.S. products in response to a WTO ruling on the U.S. foreign sales corporation/extraterritorial income (FCS/ETI) tax regime.
2	The United States and Morocco complete FTA negotiations.
3	Draft text of the U.S.-Australia FTA is made available to the public.
8	President Bush notifies Congress of his intention to enter into an FTA with Morocco.
15	The United States and the Dominican Republic complete FTA negotiations, and announce that the Dominican Republic would be included in FTA with the Central American countries.
15	The United States and the United Arab Emirates (UAE) sign a bilateral trade and investment framework agreement.
18	The United States requests WTO dispute-settlement consultations with China regarding China's value-added tax (VAT) rebate policy for integrated circuits produced in China.
19	The United States and Qatar sign a bilateral trade and investment framework agreement.
25	President Bush notifies Congress of his intention to enter into an FTA with the Dominican Republic.
April	
2	A WTO dispute-settlement panel finds that Mexico's international telecommunications regime requiring U.S. carriers to connect with Mexican telecommunications providers results in excess payments and uncompetitive practices.
2	Draft text of the U.S.-Morocco FTA is made available to the public.
6	A WTO dispute-settlement panel finds that certain sections of Canadian law regarding grain imports and their distribution are inconsistent with Canada's GATT obligations.
9	Draft text of U.S. FTA with Central America and the Dominican Republic is made public.
23	The United States and the Republic of Korea reach an agreement for Korea to end the mandatory system of Wireless Internet Platform for Interoperability and to allow U.S. systems to compete domestically in Korea.

Table 1-1-*Continued*
Summary of 2004 Trade Agreements Activities

April	
23	The United States announces that it will ease its economic sanctions with respect to Libya.
26	The United States and Panama begin FTA negotiations.
May	
10	The United States and Malaysia sign a bilateral trade and investment framework agreement.
14	The United States pledges a donation of nearly $1 million ($994,100) to the WTO Integrated Framework Trust Fund for trade-related technical assistance under the Doha Development Agenda.
18	The U.S.-Australia FTA is signed.
18	The United States begins FTA negotiations with Andean countries Colombia, Ecuador, and Peru. Bolivia is to join at a later stage.
27	The United States and Bahrain complete FTA negotiations.
28	The U.S. FTA with Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) is signed.
June	
1	The United States and Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan sign a regional trade and investment framework agreement.
10	The United States requests the establishment of a WTO dispute-settlement panel to examine Mexican tax measures on soft drinks and other sweetened beverages that do not use cane sugar.
15	The U.S.-Morocco FTA is signed.
28	The United States and Thailand begin FTA negotiations.
July	
7	The United States and Oman sign a bilateral trade and investment framework agreement.
8	The United States and China agree on full market access for U.S. integrated circuits and the elimination of VAT refunds for semiconductors produced in China.
15	The United States and Mongolia sign a bilateral trade and investment framework agreement.
19	The United States requests the establishment of a WTO dispute-settlement panel to review if Japan has complied with earlier WTO rulings regarding restrictions on imported U.S. apples. The United States also seeks authorization to impose trade sanctions against Japan valued at $143.4 million.
August	
3	President Bush signs legislation implementing the U.S.-Australia FTA.
5	The U.S. FTA with the Dominican Republic is signed, integrating that country into the U.S. FTA with the Central American countries.
26	The United States and China agree on import regulations concerning soybean exports to China.
September	
8	A WTO dispute-settlement panel requested by Brazil finds that: (1) three U.S. export credit guarantee programs are prohibited export subsidies; (2) the United States also grants several other prohibited subsidies regarding cotton; and (3) U.S. domestic support programs regarding cotton are also not protected by the Uruguay Round Agreements' "peace clause" and so prejudice Brazil's interests regarding cotton prices in the world market.
14	The U.S.-Bahrain FTA is signed.

Table 1-1-*Continued*
Summary of 2004 Trade Agreements Activities

September	
21	The United States requests WTO dispute-settlement consultations with the EU regarding a lack of uniformity of customs laws and regulations among EU member states.
21	The United States and Afghanistan sign a bilateral trade and investment framework agreement.
October	
4	The United States announces a new initiative designed to fight trade in pirated and counterfeit goods.
6	The United States announces that it has filed a WTO case against the EU regarding government subsidies to the aircraft sector. Hours later, the EU announces the initiation of a WTO case against the United States regarding U.S. aircraft sector subsidies.
12	The United States requests WTO dispute-settlement consultations with the EU regarding government subsidies for large civil aircraft.
22	President Bush signs into law the American Jobs Creation Act which repeals the FSC/ETI tax rules that the WTO found to be a prohibited export subsidy. Repeal ends retaliatory tariffs introduced by the EU in March 2004 on certain U.S. manufactured products.
25	The United States and Uruguay sign a bilateral investment treaty.
November	
15	President Bush notifies Congress of his intention to negotiate FTAs with Oman and the UAE.
17	The United States and Australia exchange diplomatic notes certifying that each country has completed its internal requirements to allow the FTA to enter into force on Jan. 1, 2005.
December	
10	President Bush designates Burkina Faso as eligible for benefits under the African Growth and Opportunity Act.
13	The United States, Egypt, and Israel sign a trade agreement that will create Qualified Industrial Zones in Egypt, and allow for duty-free export of certain goods from Egypt that contain inputs made in Israel.
21	The WTO Appellate Body circulates its report to the parties regarding the protection of trademarks and geographical indications for agricultural products and foodstuffs that the United States claims discriminate against U.S. products and producers.
30	The United States and Korea agree on a plan to allow greater market access for U.S. rice exports.

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

Administration of U.S. Laws and Regulations

The following lists the principal developments in U.S. trade programs that occurred during 2004:

- In the area of safeguards, the USITC conducted one China safeguard investigation, and made a negative determination in that investigation. In the one USITC China safeguard remedy recommendation pending before the President at the beginning of 2004, the President decided not to apply a safeguard measure. No new global or bilateral U.S. safeguard measures were applied during 2004 under statutory provisions administered by the

USITC, and no U.S. safeguard measures were in effect during any part of the year.[3] No safeguard petitions were pending before the USITC, and no USITC safeguard recommendations were pending before the President at the end of 2004.

- The number of Trade Adjustment Assistance to workers' cases (under the programs administered by the U.S. Department of Labor), including completed certifications, partial certifications, and denied, terminated, or withdrawn petitions, decreased from 3,589 cases in FY 2003 to 3,209 cases in FY 2004. There were 148,011 workers certified (based on completed and partial certifications) in FY 2004, a decrease from the 197,356 workers certified in FY 2003.

- There were two active cases under section 301 administered by USTR. One concerned the EU meat hormone directive and the second, intellectual property protection in Ukraine. In the special 301 review, the United States Trade Representative (USTR) noted that piracy persists and that in 2004 intellectual property rights (IPR) enforcement continued to be a problem for a number of trading partners. In its review, USTR identified 52 countries that deny adequate and effective IPR protection.

- Following final affirmative determinations by the Commission and the U.S. Department of Commerce, the Commission instituted 22 new antidumping investigations during 2004 and completed 32 investigations. Antidumping duties were imposed as a result of affirmative determinations in 14 of those completed investigations, on products from 7 countries.

- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications fields. During 2004, there were 47 active 337 investigations and ancillary proceedings, 28 of which were instituted in 2004. The Commission completed a total of 21 investigations and ancillary proceedings under section 337 in 2004, including one bond forfeiture proceeding and one advisory opinion proceeding relating to a previously concluded investigation. Eight exclusion orders and 12 cease-and-desist orders were issued during 2004.

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[3] However, an import licensing system provided for in the President's March 2002 proclamation imposing global safeguard measures on certain steel products remained in effect throughout the year. The President had earlier, in December 2003, terminated the tariff and tariff rate quota measures that were part of the safeguard measure. See President, Proclamation 7529 of Mar. 5, 2002, 67 *FR* 10553, Mar. 7, 2002; and Proclamation 7741 of Dec. 4, 2003, 68 *FR* 68483, Dec. 8, 2003. The licensing system, which was administered by the U.S. Department of Commerce, was terminated on Mar. 21, 2005. It was replaced by a new program, also administered by Commerce, under different authority.

- The U.S. Generalized System of Preferences (GSP) program is currently authorized through December 31, 2006. Several actions were taken under GSP in 2004. On April 12, 2004, USTR requested public comments on the possible withdrawal, suspension or limitation of GSP benefits with respect to Bangladesh. On July 1, 2004, USTR initiated reviews to consider the designation of Azerbaijan, Iraq, and Serbia and Montenegro as beneficiary developing countries under GSP.
- On July 12, 2004, President Bush signed the African Growth and Opportunity Act (AGOA) Acceleration Act of 2004, which extended preferential access for certain products of eligible sub-Saharan African (SSA) countries from 2008 to 2015, and enhanced the benefits for eligible apparel imports under AGOA. As of January 1, 2005, a total of 37 SSA countries met the AGOA eligibility requirements, and 24 SSA countries were eligible for AGOA apparel benefits.
- The Andean Trade Promotion and Drug Eradication Act is currently authorized through December 31, 2006, for eligible imports from Bolivia, Colombia, Ecuador, and Peru. U.S. imports from those countries increased by 33 percent to $15.5 billion in 2004 from $11.6 billion in 2003.
- In 2004, articles from 24 countries and territories in the Caribbean Basin and Central America entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) and the expanded provisions of preferential tariff treatment afforded under the Caribbean Basin Trade Partnership Act (CBTPA). U.S. imports under CBERA with CBTPA totaled $10.8 billion in 2004, a small increase from imports valued at $10.4 billion in 2003.
- In 2004, the United States had import quotas on textiles and apparel from 43 countries, 38 of which are WTO members and thus eligible for quota liberalization on January 1, 2005, as required under the WTO Agreement on Textiles and Clothing (ATC). These countries accounted for 69 percent ($58 billion) of U.S. imports of such goods in 2004.

World Trade Organization

At the WTO General Council meeting on August 1, 2004, WTO members adopted a decision[4] to refocus their attention on negotiations under the Doha Development Agenda. The 2004 Decision addressed negotiations on agriculture; cotton; nonagricultural market access; development issues including principles concerning development, special and differential treatment, technical assistance, implementation,

[4] WTO, *Doha Work Programme-Decision Adopted by the General Council on 1 August 2004*, WT/L/579, Aug. 2, 2004, found at *http://www.wto.org/english/tratop_e/dda_e/draft_text_gc_dg_31july04_e.htm*, retrieved Nov. 30, 2004.

other development issues, and the least developed countries; services; other negotiating bodies, including the groups negotiating rules that encompass antidumping and countervailing duties, trade and environment, IPR, dispute settlement, and trade facilitation; the relationship between trade and investment, interaction between trade and competition policy, and transparency in government procurement; as well as other elements of the work program.

Organization for Economic Cooperation and Development

The OECD Trade Committee met three times in 2004 and discussed the state-of-play in the WTO Doha multilateral trade negotiations. At its April meeting, Members agreed that the committee would continue to support the WTO negotiations through objective and high-quality analysis. There was also agreement on several areas that were likely to continue to receive particular attention, including the costs and benefits of trade liberalization in goods and services; the costs and benefits of structural adjustment; trade and investment among developing countries; special and differential treatment; and outreach to non-members, among others. During June 28-29, 2004, OECD Members held high level meetings on steel where they reaffirmed their commitment to stronger subsidy disciplines in the global steel sector, although negotiations on reducing or eliminating steel subsidies effectively remained at an impasse.

Asia-Pacific Economic Cooperation

In 2004, there were 21 member economies in APEC. At the 2004 annual APEC Ministerial, Ministers addressed issues such as trade, security, transparency, anti-corruption, human resource development, the knowledge-based economy, and sustainable development. Ministers reaffirmed their commitments to achieving the APEC Bogor Declaration goals of free and open trade and investment by 2010 and 2020, respectively.[5]

U.S. Free Trade Agreements

The U.S.-Chile FTA and the U.S.-Singapore FTA entered into force on January 1, 2004.[6] Negotiations for the U.S.-Australia FTA were completed in 2004, and the FTA entered into force on January 1, 2005. The United States completed negotiations for FTAs with Bahrain, Central America (Costa Rica, El Salvador, Guatemala, Honduras,

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[5] For information on the Bogor Declaration, see USITC, *The Year in Trade, OTAP, 1995*, USITC publication 2971, pp. 36-38 and USITC, *The Year in Trade, OTAP, 1994*, USITC publication 2894, pp. 35-39.

[6] Other U.S. FTAs in force are: the U.S.-Israel FTA (1985), the North American Free Trade Agreement (NAFTA, 1994), and the U.S.-Jordan FTA (2000).

and Nicaragua) and the Dominican Republic, and Morocco during 2004, but those FTAs did not enter into force during 2004. Also during 2004, the United States launched FTA negotiations with the Andean countries (Colombia, Ecuador, and Peru, with Bolivia as an observer), Panama, and Thailand. The United States continued negotiations with countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas and the countries of the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). Also during 2004, the President notified Congress of his intention to launch FTA negotiations with Oman and the United Arab Emirates.

The year 2004 marked the tenth anniversary of the North American Free Trade Agreement (NAFTA), which entered into force on January 1, 1994. With virtually all tariffs and quotas on North American trade eliminated, the NAFTA Free Trade Commission directed its energies during 2004 on ways to further integrate the NAFTA economies.

Bilateral Trade Relations in 2004

European Union

The EU represents the largest trading partner of the United States. That EU position strengthened in 2004 with enlargement of the EU to include 10 new central European and Mediterranean countries on May 1, 2004. Major U.S.-EU bilateral developments during 2004 included enactment of a new U.S. law, the Extraterritorial Income Exclusion Act of 2000 (the EU had challenged the previous law as inconsistent with U.S. WTO obligations) that brings the United States into conformity with a WTO ruling on U.S. special tax treatment of foreign sales corporations. Also during 2004, the United States and the EU held talks that resulted in a January 2005 bilateral agreement on the terms for the negotiation of a permanent settlement regarding subsidies to the aircraft sector.

Canada

Two-way trade between the United States and Canada was valued at over $1 billion a day during 2004-the largest bilateral trade flow in the world between two individual countries. U.S.-Canadian commercial relations are governed in large part by NAFTA. Softwood lumber remained a high profile bilateral trade-related issue in 2004. Other bilateral issues during the year included Canadian exports of hard red spring wheat, and IPR protection in Canada.

Mexico

Mexico maintained its position in 2004 as the third-largest U.S. trading partner after the EU and Canada, and before China. A long-running bilateral dispute regarding telecommunications practices in Mexico was resolved in 2004 with the conclusion of a WTO dispute settlement panel. Other issues during the year included bilateral trade in sweeteners, a U.S. complaint to the WTO about Mexican dumping duties on U.S. beef and long-grain white rice, Mexican concern about the U.S. delay in implementing cross-border trucking provisions under NAFTA, and concerns in the Mexican agricultural sector about U.S. agricultural exports.

China

The principal focus of the U.S.-China trade relationship in 2004 was China's compliance with the terms of its WTO accession agreement. Major areas of U.S. concern were enforcement of intellectual property rights, services, agriculture, and industrial policies. Other issues during the year included U.S. proceedings under two separate safeguard mechanisms in China's WTO accession agreement: the special textile safeguard mechanism and the China-specific safeguard mechanism.

Japan

The United States and Japan continued bilateral discussions under the "U.S.-Japan Economic Partnership for Growth." Topics addressed in the discussions included deregulation of the Japanese economy (including reforms in areas such as telecommunications, information technologies, energy, medical devices and pharmaceuticals, competition policy, transparency and other government practices, legal system reform, commercial law revision, and distribution), and Japan's restrictions on beef imports.

Taiwan

The U.S.-Taiwan trade relationship in 2004 continued to focus on U.S. concerns about Taiwan's copyright law, trade in counterfeit goods (especially pharmaceutical products), and deficiencies in Taiwan's laws and enforcement aimed at preventing unfair commercial use of pharmaceutical and agricultural chemical test data.

Korea

The U.S.-Korea trade relationship in 2004 focused on U.S. concerns about IPR protection in Korea, particularly with respect to music piracy and piracy of U.S. motion pictures. The United States and Korea also continued discussions on Korea's December 2003 ban on imports of U.S. beef; however, the Korean government did not rescind the ban during 2004.

International Economic Environment in 2004

The world economy grew by 5.1 percent in 2004 compared with 4.0 percent in 2003.[7] Continued global economic expansion in 2004 was supported by strong consumer and investment spending and by accommodative monetary and fiscal policies worldwide, despite the adverse impact of higher oil prices on oil-importing nations.[8] An upturn in global trade flows in 2004 also boosted world growth. World trade volume of goods and services grew by 9.9 percent in 2004 compared with 4.9 percent in 2003.[9] The global economic expansion in 2004 was led by strong growth in North America, Asia, and several emerging markets and developing countries.

United States

Real U.S. gross domestic product (GDP) grew by 4.4 percent in 2004, compared with 3.0 percent in 2003. Core inflation remained subdued, increasing to 2.4 percent in 2004 (as measured by GDP domestic purchases) despite significantly higher energy prices.[10] U.S. economic growth continued to be driven by strong domestic demand and aided by business sector productivity growth. The major contributors to the increase in real GDP in 2004 were gross private domestic investment, which increased by 12.9 percent; exports, which increased by 8.1 percent; and personal consumption expenditures, which increased by 3.8 percent.[11] The U.S. current account deficit reached a record 5.7 percent of GDP in 2004. The effects of depreciation of the U.S. dollar on the current account deficit during 2004 were partially offset by strong domestic demand and faster economic growth in the United States relative to growth in major U.S. trading partners.[12]

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[7] IMF, *World Economic Outlook*, April 2005, table 1.1, p. 3.
[8] Ibid., pp. 1 and 5.
[9] Ibid., table 1.1, p. 3.
[10] U.S. Department of Commerce, "*Gross Domestic Product: Fourth Quarter 2004,*" *BEA 05-03*, found at *www.bea.gov/bea/rels.htm*.
[11] Ibid.
[12] IMF, *World Economic Outlook*, April 2005, pp. 2 and 20.

Canada

Canada's real GDP grew by 2.8 percent in 2004, compared with 2.0 percent in 2003.[13] Canada's economy is highly dependent on trade and financial linkages with the United States. Canadian economic growth in 2004 was favorably affected by the U.S. and global economic expansion, low domestic interest rates, a rise in Canadian personal consumption, and rising Canadian employment levels. Canadian exports increased, benefitting from robust global demand, especially from the United States despite the appreciation of the Canadian dollar. Higher world commodity prices for major Canadian exports, particularly oil, boosted Canada's current account surplus to 2.6 percent of GDP in 2004.[14]

Mexico

Mexico's real GDP grew by 4.4 percent in 2004, compared with 1.6 percent in 2003.[15] Strong growth in exports to the United States, aided by increased U.S. demand, along with rising domestic demand and improved labor productivity contributed to Mexico's broad-based recovery in 2004. As an oil exporter, Mexico also benefitted from higher world oil prices during 2004. Mexico's current account deficit remained unchanged in 2004 at 1.3 percent of GDP.[16]

Europe

Real GDP growth for the European Union was 2.5 percent in 2004, compared with 1.2 percent in 2003.[17] In the euro area,[18] real GDP growth was 2.0 percent in 2004 compared to 0.5 percent in 2003. Euro area economic growth was dampened by weakening domestic demand, high and volatile oil prices, and longstanding structural weaknesses such as low productivity gains. Appreciation of the euro, which mitigated the impact of rising oil prices, undercut the potential for export-led growth.[19] In the United Kingdom (UK), real GDP grew by 3.1 percent in 2004, compared to 2.2 percent in 2003. Strong domestic demand was a key factor contributing to robust economic performance in the United Kingdom during 2004, as the UK economy is estimated to have operated at or near full capacity during the year.[20] Russia's real

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[13] Ibid., table 1.1, p. 3.
[14] Ibid., p. 25, and table 26, p. 239.
[15] Ibid.
[16] Ibid., p. 39, and table 31, p. 251.
[17] Ibid., table 1.1, p. 3.
[18] Euro area countries are: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. Denmark, Sweden, and the United Kingdom are EU members but do not participate in the euro single currency. European Central Bank, "Background to the Euro," found at *http://www.euro.ecb.int/en/what/system/ncbs.html*, retrieved May 28, 2005.
[19] IMF, *World Economic Outlook*, April 2005, p. 28.
[20] Ibid., p. 30, and table 1.1, p. 3.

GDP growth was 7.1 percent in 2004, compared with 7.3 percent in 2003. Marginally slower economic expansion in Russia was the result of lower oil production growth and investment.[21]

Asia

China's real GDP grew by 9.5 percent in 2004, compared with 9.3 percent in 2003. China's continued economic growth in 2004 was driven by strong domestic demand, high levels of foreign and domestic investment, and strong export growth aided by real depreciation of the Chinese currency.[22] Japan's real GDP grew by 2.6 percent in 2004, compared with 1.4 percent growth in 2003. Weak global demand for information technology products undercut Japan's export growth. Japan's economy continued to face the domestic economic challenges of high public debt, constraints resulting from demographic pressures of an aging population, and sluggish business activity.[23] Among the newly industrialized economies, Korea's real GDP grew by 4.6 percent in 2004, compared to 3.1 percent in 2003, and Taiwan's real GDP grew by 5.7 percent in 2004, compared to 3.3 percent in 2003. The economies of Korea and Taiwan both benefitted from strengthening domestic demand as well as increased import demand from China.[24]

Sub-Saharan Africa

Real GDP growth in sub-Saharan Africa was 5.1 percent in 2004 compared to 4.2 percent in 2003.[25] Underpinning that growth, in some countries, was the stronger global economy and higher foreign demand for certain African commodities at higher prices, improved macroeconomic stability and progress with structural economic reforms including trade policy reforms and improved incentives for investments, and the ending of several protracted armed conflicts. The countries with the largest net gains were mostly oil exporters, followed by countries with substantial gains due to the higher prices of other commodities. Non-oil-producing countries faced losses mainly because of higher oil import prices.[26]

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[21] Ibid., pp. 44-45, and table 1.1, p. 3.
[22] Ibid., pp. 30-31, and table 1.6, p. 33.
[23] Ibid., pp. 30-31, and table 1.1, p. 3.
[24] Ibid., pp. 33 and 35.
[25] Ibid., p. 45, and table 1.1, p. 3.
[26] Ibid., pp. 45-57.

U.S. Merchandise Trade

In 2004, U.S. exports of goods were valued at $819.0 billion, and imports of goods were $1,470.5 billion, (figure 1-1).[27] Slightly more than 40 percent of U.S. exports of goods in 2004 consisted of capital goods, followed by industrial supplies (24.9 percent); consumer goods (12.6 percent); automotive vehicles (10.8 percent); and foods, feeds, and beverages (6.9 percent). Industrial supplies accounted for 28.0 percent of total U.S. imports of goods, followed by consumer goods (25.4 percent); capital goods (23.4 percent); automotive vehicles (15.5 percent); and food, feeds, and beverages (4.2 percent).

Figure 1-2 shows U.S. merchandise exports, imports, and trade balances with major trading partners.[28] Leading U.S. exports to and imports from these major trading partners are highlighted in appendix tables A-16 through A-36.[29] The United States recorded a $651.5 billion merchandise trade deficit with the world in 2004. The U.S. trade deficit with China was $162.0 billion, or 24.9 percent of the total U.S. deficit. NAFTA partners Canada and Mexico accounted for $110.7 billion, or 17.0 percent of the total U.S. trade deficit. Canada accounted for $65.7 billion, or 10.1 percent of the total U.S. deficit, and Mexico accounted for $45.0 billion or 6.9 percent of the total U.S. deficit. The U.S. trade deficit with the EU-15[30] totaled $104.5 billion, followed by Japan at $75.2 billion, Korea at $19.9 billion, Taiwan at $12.9 billion, and Brazil at $7.3 billion.

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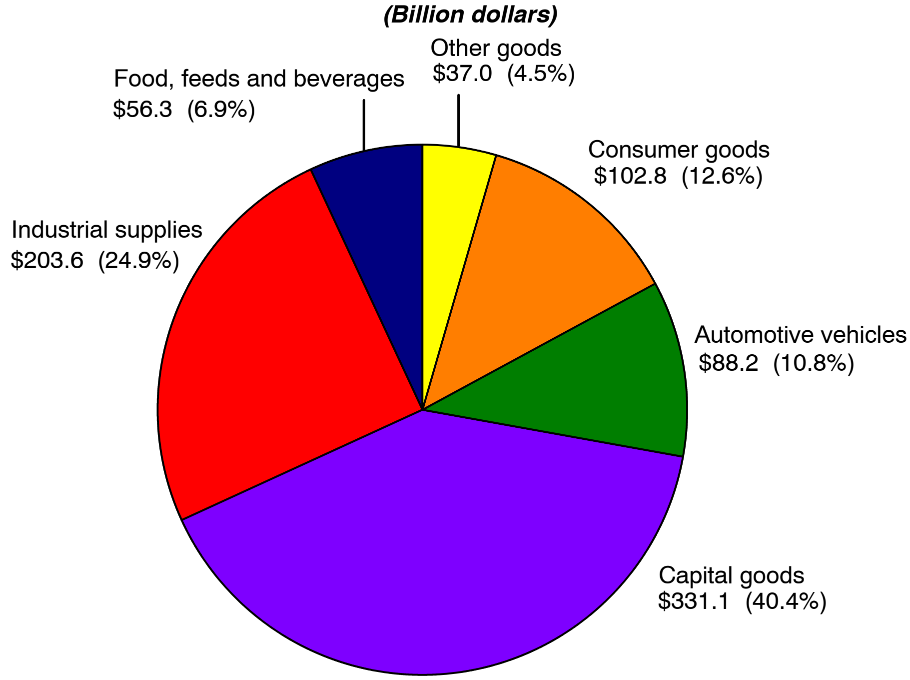
[27] Based on seasonally adjusted end-use category Census data . The Census basis goods data are compiled from the documents collected by the U.S. Customs Service and reflect the movement of goods between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. foreign trade zones. U.S. Department of Commerce, U.S. Census Bureau, "Information on Goods and Services," found at *http://www.census.gov/foreign-trade/Press-Release/current_press_release/explain.pdf*, retrieved June 1, 2005.

[28] Statistics on U.S. trade with major trading partners are not seasonally adjusted.

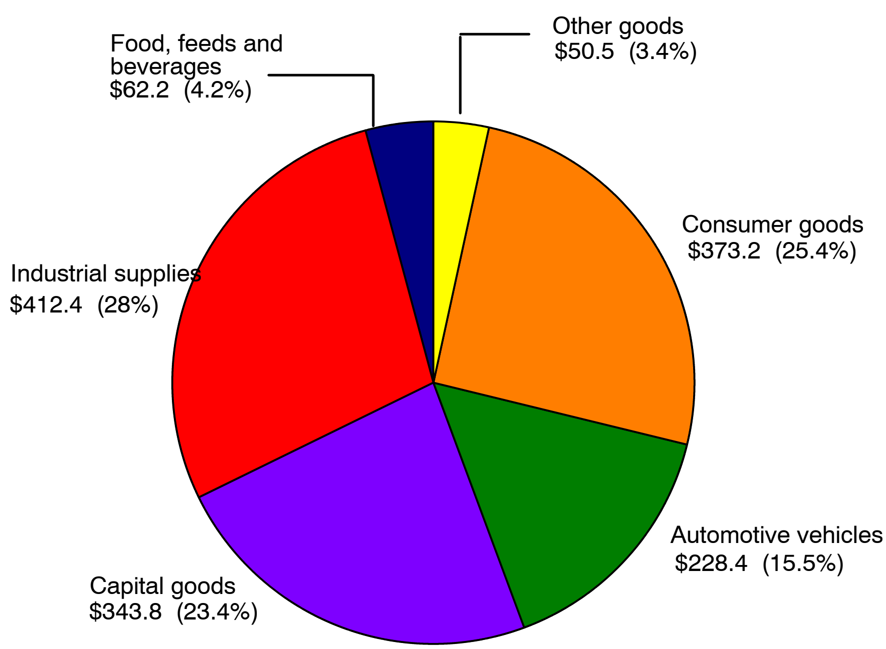
[29] Statistics in figure 1-2 may not match with those in appendix tables A-16 through A-36 because of adjustments made to the data.

[30] The EU-15 comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

Figure 1-1
U.S. merchandise trade with the world, by product sectors, 2004, seasonally adjusted, Census basis billion dollars and percent of total



U.S. Exports - $819.0 billion dollars

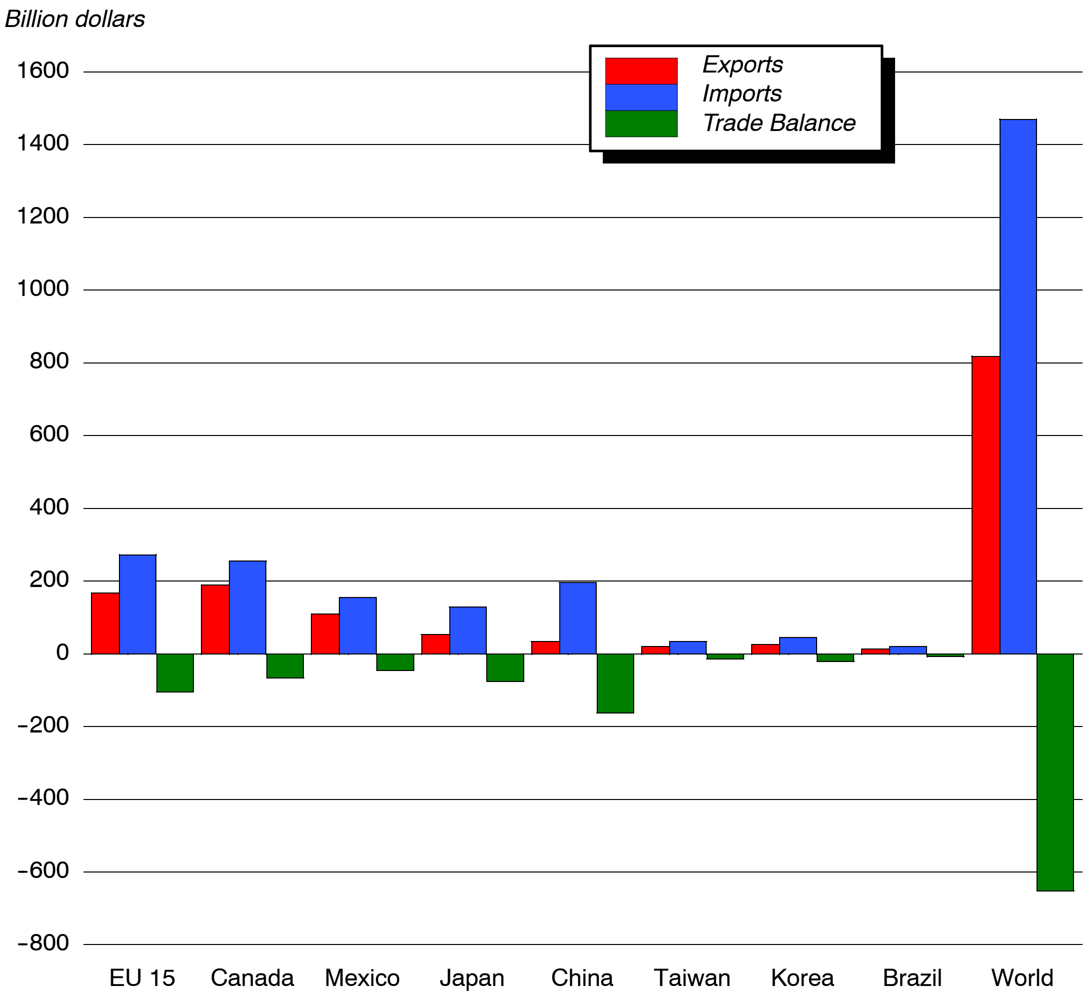


U.S. Imports - $1,470.5 billion dollars

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

Source: Compiled from official statistics of the U.S. Department of Commerce; FT900-04-02, Dec. 2004 BEA 05-05.

Figure 1-2
U.S. merchandise exports, imports, and trade balances with major trading partners, 2004, not seasonally adjusted Census basis



Major trading partners	*Exports*	*Imports*	*Trade balance*
	Billion dollars		
EU (15)	168.5	273.0	-104.5
Canada	190.2	255.9	-65.7
Mexico	110.8	155.8	-45.0
Japan	54.4	129.6	-75.2
China	34.7	196.7	-162.0
Taiwan	21.7	34.6	-12.9
Korea	26.3	46.2	-19.9
Brazil	13.9	21.2	-7.3
World	819.0	1,470.5	-651.5

Note.-Statistics on U.S. trade with major trading partners uses not seasonally adjusted Census basis data. Because of rounding, and omissions figures may not exactly equal totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce; FT900, BEA-04-04, Dec. 2004. Statistics may not match with data in the appendix due to certain adjustments.

U.S. Trade in Goods and Services

U.S. exports of goods and services, on a seasonally adjusted U.S. balance-of-payments (BOP) basis,[31] were valued at $1,146.1 billion in 2004, compared with exports of $1,020.5 billion in 2003. U.S. imports of goods and services on a seasonally adjusted BOP basis were valued at $1,763.9 billion in 2004, compared with imports of $1,517.0 billion in 2003. The BOP adjusted U.S. trade deficit on goods and services was $617.8 billion in 2004, up from a deficit of $496.5 billion in 2003.[32]

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[31] Goods on a Census basis (described above) are adjusted by the U.S. Department of Commerce, Bureau of Economic Analysis to goods on 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 done 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 U.S. Department of Commerce, U.S. Census Bureau, "Information on Goods and Services."

[32] U.S. Department of Commerce, *Foreign Trade Statistics, Annual Trade Highlights, 2004 Highlights*, *http://www.census.gov/foreign-trade/statistics/highlights/annual.html*, retrieved June 6. 2005.

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

This chapter surveys activities related to the administration of U.S. trade laws during 2004. It covers the following: the import relief laws; the unfair trade laws; 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 Andean Trade Promotion and Drug Eradication Act (ATPDEA), the Caribbean Basin Economic Recovery Act (CBERA), and the Caribbean Basin Trade Partnership Act (CBTPA); and programs affecting textile and apparel imports.

Import Relief Laws

Safeguard Actions

This section covers only safeguard actions under provisions administered by the U.S. International Trade Commission (USITC or the Commission). Safeguard actions under provisions administered by other agencies, such as the China safeguard actions by the U.S. Department of Commerce are described elsewhere in this chapter.

No new U.S. safeguard measures were applied during 2004 under any of the authorities administered by the Commission, and no U.S. safeguard measures under those authorities were in effect during any part of the year.[1] No safeguard petitions were pending before the USITC, and no USITC safeguard recommendations were pending before the President at the end of 2004.

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[1] However, an import licensing system provided for in the President's March 2002 proclamation imposing global safeguard measures on certain steel products remained in effect throughout the year. The President had earlier, in December 2003, terminated the tariff and tariff rate quota measures that were part of the safeguard measure. See Proclamation 7529 of Mar. 5, 2002, 67 *FR* 10553, Mar. 7, 2002; and Proclamation 7741 of Dec. 4, 2003, 68 *FR* 68483, Dec. 8, 2003. The licensing system, which was administered by the U.S. Department of Commerce, terminated on March 21, 2005. It was replaced by a new program, also administered by Commerce, under different authority.

[2] U.S.C. 2451.

[3] USITC, *Uncovered Innerspring Units from China*, investigation No. TA-421-5, USITC publication No. 3676, Mar. 2004.

During 2004, the USITC conducted one safeguard investigation, under the China safeguard provision in section 421 of the Trade Act of 1974,[2] with respect to imports of innerspring mattress units from China. The petition was filed with the USITC in January 2004, and the USITC made a negative market disruption determination in March 2004;[3] as a result, no remedy measure was applied. In the one safeguard remedy recommendation pending before the President at the beginning of 2004, and also under the China safeguard provision involving imports of ductile iron waterworks fittings from China,[4] the President decided not to apply a safeguard measure.[5]

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth in section 221 of the Trade Act of 1974, authorizes the U.S. Secretary of Commerce and the U.S. Secretary of Labor to provide trade adjustment assistance to firms and workers who are adversely affected by increased imports.[6] The TAA system of readjustment allowances to individual workers is administered by the U.S. Department of Labor through its Employment and Training Administration in the form of monetary benefits for direct trade readjustment allowances and service benefits that include allocations for job search, relocation, transportation subsidies, and training. The TAA for farmers, administered by the U.S. Department of Agriculture, provides technical assistance and cash benefits to eligible producers. Industry-wide technical consultation, provided through programs sponsored by the U.S. Department of Commerce, is designed to restore the economic viability of U.S. industries adversely affected by import competition.[7]

Trade Adjustment Assistance to Workers

The U.S. Department of Labor instituted 2,984 investigations during FY 2004 (October 1, 2003 through September 30, 2004) on the basis of petitions filed for trade adjustment assistance.[8] Petitioners for TAA represented a broad spectrum of manufacturing industries, including circuit boards, textiles, and paper. The FY 2004 figure represents a decrease from the 3,567 TAA petitions instituted in FY 2003. The results of the TAA investigations completed in FY 2004, including those in progress from the previous fiscal year, are shown in table 2-1.

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

[5] Sections 251-264 of the Trade Act of 1974.

[6] President, “Memorandum for the United States Trade Representative,” Mar. 3, 2004, found at *http://www.whitehouse.gov/news/releases/2004/03/20040303-12*.

[7] The President signed the Trade Adjustment Assistance Reform Act of 2002 (TAA Reform Act) into law on Aug. 6, 2002. The TAA Reform Act reauthorized the TAA program through fiscal year 2007, as well as amended and added provisions to the TAA program.

[8] Data supplied by U.S. Department of Labor, Employment and Training Administration, Apr. 14, 2005.

Table 2-1
Results of petitions filed under the trade adjustment assistance program, FY 2003 and FY 2004

Item	Number of TAA cases		Number of workers	
	FY 2003	FY 2004	FY 2003	FY 2004
Completed certifications	1,884	1,793	197,115	147,597
Partial certifications	4	1	241	414
Total (completed and partial certifications)	1,888	1,794	197,356	148,011
Petitions denied	1,207	948	82,573	57,469
Petitions terminated or withdrawn	494	467	24,438	4,418
Total	3,589	3,214	304,367	209,898

Note.—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.

Source: U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

There were a total of 3,209 completed TAA cases in FY 2004 (including partial certifications and denied, terminated, or withdrawn petitions), a decrease from 3,589 cases in FY 2003. As shown in table 2-1, there were 147,597 workers certified for TAA based on completed certifications in FY 2004, and an additional 414 workers certified for TAA based on partial certifications, or a total of 148,011 workers certified in FY 2004.[9] This was a decline from 197,356 workers certified (completed and partial certifications) in FY 2003.

Table 2-2 presents data on benefits and services provided under the TAA program. There were 75,726 new TAA recipients in FY 2004, compared to 44,135 new recipients in FY 2003. The Department of Labor awarded $259 million in TAA funding to assist workers certified as eligible to receive benefits and services under the TAA program in FY 2004, a decrease from $347 million in FY 2003. State allocations increased to $562.0 million in FY 2004 from $398.2 million in FY 2003.[10]

[9] 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 U.S. Department of Labor, Employment and Training Administration, "Trade Adjustment Assistance (TAA) and Alternative Adjustment Assistance (ATAA) Application Process," found at *http://www.doleta.gov/tradeact/petitions.cfm#2*.

[10] Data supplied by U.S. Department of Labor, Employment and Training Administration, Apr. 14, 2005.

Table 2-2
Benefits and services provided under the trade adjustment assistance program, FY 2003 and FY 2004

Item	Estimated number of participants FY 2003	FY 2004
	Trade readjustment allowance benefits	
Number of new recipients	44,135	75,726
Total Federal allocations *(million dollars)*	347	259
Total State allocations *(million dollars)*	398	562
	Training, job search, and relocation services	
Number entering training	43,444	46,938
Number receiving a job search allowance	423	433
Number receiving a relocation allowance	730	787

Source: U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Trade Adjustment Assistance to Farmers

The Trade Act of 2002 established the Trade Adjustment Assistance for Farmers program. Under this program, which was first implemented in 2004, the U.S. Department of Agriculture (USDA) provides technical assistance and cash benefits to eligible producers of raw agricultural commodities when the Administrator of the Foreign Agricultural Service (FAS) determines that increased imports have contributed importantly to a specific price decline over five preceding marketing years.[11] The TAA Reform Act authorizes an appropriation of not more than $90 million for each fiscal year, 2004 through 2007, to carry out the program. TAA for farmers covers farmers, ranchers, fish farmers, and fishermen;[12] it does not cover the forest products industry.[13]

[11] Information obtained from the TAA Coordinator, TAA for Farmers, FAS, USDA, June 21, 2005. For a more detailed description of this program, see USDA, "Trade Adjustment Assistance for Farmers," found at *http://www.fas.usda.gov/itp/taa/taaindex.htm*, retrieved Jan. 20, 2004; and USDA, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's," found at *http://www.fas.usda.gov/itp/taa/taafaq.htm*.

[12] A qualified fisherman means a person whose catch competes in the marketplace with like or directly competitive aquaculture products.

[13] Criteria to participate in the program include the following: "Producer prices during the most recent marketing year must be less than or equal to 80 percent of the national average price during the previous 5 marketing years. In addition, FAS must make a determination that increases in imports of like or competitive products 'contributed importantly' to the decline in prices." USDA, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's."

For producers that satisfy certain criteria, the program provides payments and technical assistance which may include technical publications, group seminars and presentations, and one-on-one meetings.[14] Table 2-3 shows that of the 47 petitions filed for TAA in FY 2004, 12 petitions were certified covering 4,512 farmers, ranchers, fish farmers, and fishermen. According to USDA, benefits totaling an estimated value of $15.1 million (cash and technical assistance) were provided to 4,502 recipients under the TAA to farmers program in FY 2004; estimated cash benefits paid in FY 2004 were $11.8 million.[15]

Table 2-3
Results of petitions filed under the trade adjustment assistance program for farmers, FY 2004

	Number of petitions	Number of farmers, ranchers, fish farmers, and fishermen
Petitions certified	12	4,512
Petitions denied	35	2,106
Total petitions	47	6,618

Source: U.S. Department of Agriculture.

Trade Adjustment Assistance to Firms and Industries

The Economic Development Administration (EDA) of the U.S. Department of Commerce certified 162 firms as eligible to apply for trade adjustment assistance during FY 2004, a decrease from the 207 firms certified in FY 2003. To be certified as eligible for TAA under this program, a firm must show that increased imports of articles like, or directly competitive with, those produced by the firm contributed significantly to declines in its sales, production, or both, and to the separation, or threat of separation, of a significant portion of the firm's workers. Following certification, a firm must prepare an adjustment proposal before it may receive technical assistance to implement its economic recovery strategy. In FY 2004, EDA approved adjustment strategies for 165 firms, an increase from 162 in FY 2003.[16]

[14] Cash benefits per unit of production are one-half the difference between the most recent marketing year's price and 80-percent of the previous five-year average price. To be eligible for benefits, producers must provide production evidence; certify that they have met with the Extension Service; have not received cash benefits under any other provisions of the Trade Act of 1974; have experienced a decline in net farm income for the most recent tax year; and, have not had an average Adjusted Gross Income for the 3 preceding years that exceeded $2.5 million. Cash payments are limited to a maximum of $10,000 in a fiscal year. FY 2004 was the first year of the program's implementation. For more detailed information, see USDA, "Trade Adjustment Assistance for Farmers," and USDA, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's."

[15] Cash benefits are paid only to producers who certify that, among other things, their net income from farming, aquaculture or fishing has declined. Technical assistance is available to all producers. USDA, "Trade Adjustment Assistance for Farmers: Trade Act of 2002: FAQ's." Statistics supplied by USDA, June 21, 2005.

[16] For a more detailed description of eligibility requirements, see U.S. Department of Commerce, "Trade Adjustment Assistance for Firms: FAQs," found at *http://www.taacenters.org/faqs.html*.

The EDA administers its technical assistance programs through a nationwide network of 11 Trade Adjustment Assistance Centers (TAACs).[17] The funding for the TAACs from the TAA appropriation totaled approximately $11.9 million in FY 2004, compared to $10.4 million in FY 2003.

Laws Against Unfair Trade Practices

Section 301 Investigations

Section 301 of the Trade Act of 1974 (the Trade Act) is the principal U.S. statute for addressing foreign unfair practices affecting U.S. exports of goods or services.[18] Section 301 may be used to enforce U.S. rights under bilateral and multilateral trade agreements and also may be used to respond to unreasonable, unjustifiable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition the Office of the United States Trade Representative (USTR) to investigate foreign government policies or practices, or 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 requires USTR to use the dispute settlement procedures that are available under the subject agreement. If the matter is not resolved by the conclusion of the investigation, section 304 of the Trade Act requires USTR to determine whether the practices in question deny U.S. rights under a trade agreement; whether they are unjustifiable, unreasonable, or discriminatory; and whether they burden or restrict U.S. commerce. If the practices are determined to violate a trade agreement or to be unjustifiable, USTR must take action. If the practices are determined to be unreasonable or discriminatory, and to burden or restrict U.S. commerce, USTR must determine whether action is appropriate and, if so, what action to take. The time period for making these determinations varies according to the type of practices alleged.

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[17] The TAACs are nonprofit, nongovernmental organizations established to help firms qualify for and receive assistance in adjusting to import competition. Technical services are provided to certified firms through TAAC staff and independent consultants under contract with TAACs. Typical technical services include assistance in marketing (e.g., the design of new brochures and websites), identifying appropriate management information system hardware and software, and developing and completing quality assurance programs. For a more detailed description, see the U.S. Department of Commerce TAAC website, found at *http://www.taacenters.org/*.

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

Active Cases in 2004

In 2004, the active cases under section 301 concerned the European Union's (EU) meat hormone directive and intellectual property rights protection in Ukraine. With regard to the EU meat hormone directive, duties imposed in 1999 remained in effect in 2004. Bilateral talks were held during 2004; by yearend the bilateral trade dispute remained unresolved.

In May 2004, USTR designated Ukraine a priority foreign country and noted disappointment with the country's persistent failure to take effective action against significant levels of optical media (such as CDs, DVDs, and CD-ROMs) piracy and to implement intellectual property rights (IPR) laws that provide adequate and effective protection. USTR indicated that the $75 million in sanctions imposed on Ukranian products on January 23, 2002, would remain in place.

Table 2-4 contains a listing of the two active 301 cases: (1) the European Union and Meat Hormone Directive, and (2) Ukraine and the Protection of Intellectual Property Rights.

Table 2-4
Active 301 cases in 2004

Docket No.	Summary and actions occurring during course of investigation
Docket No. 301-62a	**European Union and the Meat Hormone Directive** In 1997, the WTO found that the EU's ban on meat produced from animals treated with growth hormones was inconsistent with its WTO obligations. In 1999, when the EU had not implemented the WTO recommendations, the United States requested and received authorization from the WTO to retaliate against imports from the EU. The increased duties remained in effect during 2004. Bilateral consultations were held during 2004; however, the issue remained unresolved at yearend.[1]
Docket No. 301-121	**Ukraine and the Protection of Intellectual Property Rights** In 2001, the USTR identified Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law due to its denial of adequate and effective protection of intellectual property rights (IPR). In a parallel proceeding, USTR suspended Ukraine's eligibility for the Generalized System of Preferences (GSP) because of inadequate and ineffective IPR protection. When ongoing bilateral consultations did not result in an agreement that satisfactorily addressed the optical media piracy situation in Ukraine, USTR issued a preliminary retaliation list under section 301. In December 2001, USTR announced that the United States would impose prohibitive duties on certain imports from Ukraine.[2] The suspension of GSP benefits and the additional duties remained in effect during 2004.[3]

[1] See USTR, *Trade Policy Agenda and 2004 Annual Report*, March 2004, p. 256; USTR, press release 99-44, May 14, 1999; and 64 *Federal Register* 28860, May 27, 1999.

[2] See USTR, press release 00-05, Jan. 27, 2000, and USTR, press release 00-14, Feb. 28, 2000. The full text of the report of the WTO dispute settlement panel is available on the WTO's website at *www.wto.org*.

[3] See USTR, *Special 301 Report*, May 2004.

Source: Compiled by the Commission.

Special 301

The special 301 law requires that the USTR each year identify countries that deny adequate and effective protection of IPR or that deny fair and equitable market access for U.S. persons who rely on IPR protection.[19] The USTR is to identify only those foreign countries (1) that have the most egregious acts, policies, or practices; (2) whose acts, policies, or practices have the greatest adverse impact on the relevant U.S. products; and (3) that are not entering into good faith negotiations or making significant progress in bilateral or multilateral negotiations to provide adequate and effective protection of IPR (the watch list, described below).[20] A country may be found to be denying adequate and effective IPR protection even if it is in full compliance with its obligations under the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs Agreement).[21] In addition, the special 301 law directs USTR to identify so-called priority foreign countries.

In the annual special 301 review process, USTR has adopted a policy of naming countries to the so-called watch list or the priority watch list[22] 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.[23] The priority watch list is reserved 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 its report on the results of the 2004 special 301 review, USTR noted the continued global threats posed by ineffective IPR enforcement and commercial piracy, with particular emphasis on the unauthorized production of optical media products and counterfeiting of consumer products. USTR estimated losses to U.S. industries caused by counterfeiting of approximately $200–$250 billion annually.[24] In addition, the USTR report focused on Internet piracy, implementation of the TRIPs Agreement by developing-country WTO Members, full implementation of TRIPs by new WTO Members at the time of their accession, and ensuring that ministries of foreign governments use only authorized software.[25]

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[19] Section 182 of the Trade Act of 1974 (19 U.S.C. 2242).

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

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

[22] "USTR has created a "Priority Watch List" and "Watch List" under Special 301 provisions. Placement of a trading partner on the Priority Watch List or Watch List indicates that particular problems exist in that country with respect to IPR protection, enforcement, or market access for persons relying on intellectual property. Countries placed on the Priority Watch List are the focus of increased bilateral attention concerning the problem areas." USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, March 2005, p. 259.

[23] USTR, *2003 Annual Report*, March 2004, p. 215.

[24] USTR, *2004 Special 301 Report*, April 2005, p. 3, found at *http://www.ustr.gov/*.

[25] Ibid., p. 1.

Of the approximately 85 countries examined in detail during the 2004 annual review, USTR's 2004 report identified 52 countries that fail to provide adequate and effective IPR protection. USTR noted "with disappointment Ukraine's persistent failure to take effective action against significant levels of optical media piracy and to implement intellectual property laws that provide adequate and effective protection."[26] USTR maintained Ukraine's designation as a priority foreign country, and the $75 million in sanctions imposed on January 23, 2002 remained in effect.[27] Fifteen countries or economies were placed on the priority watch list,[28] and 34 countries were placed on the watch list meriting bilateral attention to address underlying IPR problems.[29] In addition, USTR noted that China continues to be subject to ongoing monitoring to ensure it complies with previous commitments made under a bilateral IPR agreement.[30] USTR also announced that out-of-cycle reviews would be conducted of the IPR regimes in China, Israel, Malaysia, Poland, and Taiwan.[31] With respect to China, the out-of-cycle review is to assess whether specific commitments made by China in April 2004 have been implemented.[32] According to USTR, recently negotiated U.S. free trade agreements (FTAs) with Australia, Central America and the Dominican Republic, and Morocco "provide for higher levels of intellectual property protection in a number of areas covered by the TRIPS Agreement," and the United States is seeking higher levels of IPR protection and enforcement in the FTAs currently under negotiation.[33]

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930.[34] The antidumping law provides relief in the form of special additional duties that are intended to offset margins of dumping. Antidumping duty orders are imposed when

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[26] Ibid.

[27] Ibid.

[28] Those countries are: Argentina, the Bahamas, Brazil, Egypt, the EU, India, Indonesia, Korea, Kuwait, Lebanon, Pakistan, the Philippines, Russia, Taiwan, and Turkey. USTR, "Special 301 Report Finds Continued Progress but Significant Improvements Needed," press release, May 3, 2004, found at *http://www.ustr.gov/Document_Library/Press_Releases/2004/May/Special_301_Report_Finds_Continued_Progress_But_Significant_Improvements_Needed.html.*

[29] Ibid. Those countries are: Azerbaijan, Belarus, Belize, Bolivia, Bulgaria, Canada, Chile, Colombia, Costa Rica, Croatia, Dominican Republic, Ecuador, Guatemala, Hungary, Israel, Italy, Jamaica, Kazakhstan, Latvia, Lithuania, Malaysia, Mexico, Peru, Poland, Romania, Saudi Arabia, Slovak Republic, Tajikistan, Thailand, Turkmenistan, Uruguay, Uzbekistan, Venezuela, and Vietnam.

[30] Ibid.

[31] Developments with respect to China and Taiwan are described in chapter 5 of this report.

[32] USTR, *2004 Special 301 Report*, p. 1.

[33] Ibid., p. 2. U.S. FTAs are described in chapter 4 of this report.

[34] 19 U.S.C. 1673 et seq.

(1) the U.S. Department of Commerce (the administering authority) has determined that imports are being, or are likely to be, sold at less than fair value (LTFV) in the United States, and (2) the Commission has determined that a U.S. industry is materially injured or threatened with material injury or that the establishment of an industry in the United States is materially retarded by reason of such imports. Most investigations are conducted on the basis of a petition filed with Commerce and the Commission by or on behalf of a U.S. industry.

In general, imports are considered to be sold at LTFV when the U.S. price (that is, 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.[35] The antidumping duty is designed 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 if Commerce does not receive a request for annual reviews. If a request is received, Commerce will calculate the antidumping duties for that year for each entry.

Commerce and the Commission each conduct preliminary and final phase antidumping investigations in making their separate determinations.[36] The Commission instituted 22 new antidumping investigations during 2004 and completed 32 investigations.[37] Antidumping duty orders were imposed in 2004 as a result of affirmative determinations in 15 of those completed investigations, on products from seven countries. The antidumping duty orders put into effect in 2004 are shown in table 2-5 (in alphabetical order by country).

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[35] 19 U.S.C. 1677b; 19 *CFR* part 353, subpart D.

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

[37] 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 2-5
Antidumping duty orders that became effective during 2004

Country	Product	Range of duty
		Percent
Brazil	Prestressed concrete steel wire strand	118.75
China	Color television receivers	5.22–78.45
China	Tetrahydrofurfuryl alcohol	136.86
China	Ironing tables	9.47–157.68
China	Polyethylene retail carrier bags	19.79–77.57
China	Hand trucks	26.49–383.60
China	Carbazole violet pigment 23	5.51–217.94
China	Wooden bedroom furniture	2.22–198.08
India	Prestressed concrete steel wire strand	83.65–102.07
India	Carbazole violet pigment 23	27.23–66.59
Korea	Prestressed concrete steel wire strand	35.64–54.19
Malaysia	Polyethylene retail carrier bags	84.94–101.74
Mexico	Prestressed concrete steel wire strand	62.78–77.20
Thailand	Prestressed concrete steel wire strand	12.91
Thailand	Polyethylene retail carrier bags	2.26–122.88

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

Details on all antidumping investigations active at the Commission during 2004 are presented in appendix table A-1. A list of all antidumping duty orders, including suspension agreements,[38] in effect as of the end of 2004 is presented in appendix table A-2.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in Title VII of the Tariff Act of 1930. It provides for the levying of special additional duties to offset foreign subsidies on products imported into the United States.[39] 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.

[38] 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 reinstituted should LTFV sales recur. See 19 U.S.C. 1673(c).

[39] 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).

The Commission instituted four new countervailing duty investigations during 2004 and completed three investigations. Countervailing duties were imposed as a result of affirmative determinations in two investigations on products from one country. The countervailing duty orders issued in 2004 are shown in table 2-6. Details on all countervailing duty investigations active at the Commission during 2004 are presented in appendix table A-3, and a list of all countervailing duty orders, including suspension agreements,[40] in effect as of the end of the year is presented in appendix table A-4.

Table 2-6
Countervailing duty orders that became effective during 2004

Country	Product	Range of duty
		Percent
India	Prestressed concrete steel wire strand	62.92
India	Carbazole violet pigment 23	17.33–33.61

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

Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751 of the Tariff Act of 1930 requires Commerce, if requested, to conduct annual reviews of outstanding antidumping and countervailing duty orders to determine the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751 also authorizes Commerce and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. In these circumstances, the party seeking revocation or modification of an antidumping or countervailing duty order or suspension agreement has the burden of persuading Commerce and the Commission that circumstances have changed sufficiently to warrant review and revocation. Based on either of these reviews, Commerce may revoke a countervailing duty or antidumping order in whole or in part or terminate or resume a suspended investigation. No changed circumstances investigations were active at the Commission during 2004.

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[40] 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 reinstituted if subsidization recurs. See 19 U.S.C. 1671c.

The Uruguay Round Agreements Act (URAA) 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 every five years measured from their publication to determine whether revocation of an order or suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.[41] During 2004, Commerce and the Commission instituted 65 sunset reviews of existing antidumping and countervailing duty orders.[42] Twelve of these reviews were subsequently terminated and the outstanding order/suspension agreement revoked because domestic industry response was inadequate. The Commission completed 17 reviews, resulting in 17 antidumping orders being continued for five additional years. Appendix table A-5 shows completed reviews of antidumping and countervailing duty orders in 2004.[43]

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), authorizes the Commission, on the basis of a complaint or on its own initiative, to conduct investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work (semiconductor circuit), for which a domestic industry exists or is in the process of being established.[44]

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[41] 19 U.S.C. 1675c.

[42] The revoked antidumping orders were on extruded rubber thread from Indonesia; aspirin from Turkey; melamine in crystal form from Japan; anhydrous sodium metasilicate from France; solid urea from Belarus, Estonia, Lithuania, Romania, Tajikistan, Turkmenistan, and Uzbekistan; and drafting machines from Japan.

[43] For detailed information on reviews instituted, as well as Commission action in all reviews, see the Commission's website section titled "Five-year 'Sunset' Reviews" at *http://www.usitc.gov/webinv.htm*.

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

If the Commission determines that a violation exists, it can issue an order excluding the subject imports from entry into the United States, or order the violating parties to cease and desist from engaging in the unlawful practices.[45] The President may disapprove a Commission order within 60 days of its issuance for "policy reasons."

During calendar year 2004, there were 47 active section 337 investigations and ancillary proceedings, 28 of which were instituted in 2004. Of these 28, there were 26 new section 337 investigations and two new ancillary proceedings. Further, with respect to the 28 new cases in 2004, 26 involved allegations of only patent infringement and two involved allegations of trademark and/or trade dress infringement. Four investigations were terminated on the basis of settlement agreements and two investigations were terminated based on consent orders. The Commission completed a total of 21 investigations and ancillary proceedings under section 337 in 2004, including one bond forfeiture proceeding and one advisory opinion proceeding relating to a previously concluded investigation. Eight exclusion orders and 12 cease-and-desist orders were issued during 2004. At the close of 2004, there were 26 section 337 investigations and related proceedings pending at the Commission. Commission activities involving section 337 actions in 2004 are presented in appendix table A-6.

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 controllers used to display images on LCD monitors, recordable and rewritable compact discs, power adapters and converters for mobile electronic products, disk drives, digital image storage and retrieval devices for digital cameras and cellular phones, systems for detecting and removing viruses or worms, and various other memory chips and related integrated circuit devices, as well as processes for semiconductor fabrication. Several other investigations involved sophisticated technologies relating to items such as pharmaceuticals, medical devices used for spinal surgery, point-of-sale terminals, transmitters for garage door openers, light-emitting diodes, injectable implant compositions, and voltage regulator circuits. Other section 337 investigations active during the year concerned bearings used in industrial applications, ear protection devices, alkaline batteries, automotive transmission systems, automotive measuring devices, shirts with pucker-free seams, and ink markers.

As of December 31, 2004, exclusion orders based on violations of section 337 were in effect in 54 investigations, of which 27 involve unexpired patents. Appendix table A-7 lists the investigations in which these exclusion orders were issued.

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[45] 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.

Tariff Preference Programs

Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for certain products that are imported from designated developing countries and territories. The program is authorized by Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 et seq.). It has been enhanced to allow duty-free treatment for certain products when imported only from countries designated as least-developed beneficiary developing countries (LDBDC). Further, Public Law 106-200, enacted May 18, 2000, in Title I (African Growth and Opportunity Act) (AGOA) amended Title V to authorize the President to provide duty-free treatment for certain articles when imported from countries designated as beneficiary sub-Saharan African countries through September 30, 2008. 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 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 protection to intellectual property rights or afford internationally recognized worker rights to their workers.[46] 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 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. 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.

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[46] 19 U.S.C. 2462(b).

Each year (unless otherwise specified in a *Federal Register* notice), USTR conducts a review process in which products can be added to, or removed from, the GSP program or in which a beneficiary's compliance with the eligibility requirements can be reviewed. Key developments during the 2004 GSP review process were:

- On February 24, 2004, USTR announced the product and country practice petitions that were accepted for the 2004 GSP Annual Review.[47]

- On March 1, 2004, the President proclaimed certain modifications of the duty-free treatment under GSP with respect to country designations as GSP beneficiaries.[48]

- On May 18, 2004, USTR announced May 1, 2004 as the date of the termination of GSP eligibility for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, and Slovakia as a result of their accessions to the European Union on May 1, 2004.[49]

- On June 30, 2004, the President proclaimed certain modifications to the GSP implementing decisions made in regard to the 2003 Annual GSP Review.[50]

- On September 7, 2004, the President proclaimed certain modifications to the GSP with respect to imports from Iraq and Russia.[51]

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[47] 69 *FR* 8514.

[48] The modifications provided for the following: (1) the designation of Algeria as a GSP beneficiary country; (2) the termination of the designation as a GSP beneficiary country for the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia effective on the day on which each country became a EU member state, with such date to be announced in the *Federal Register* by USTR; and (3) the graduation from GSP eligibility of Antigua and Barbuda, Bahrain, and Barbados because of their designation as "high income" countries effective Jan. 1, 2006. President, Proclamation, "To Modify Duty-Free Treatment Under the Generalized System of Preferences," Proclamation No. 7758, Mar. 1, 2004 (69 *FR* 10131).

[49] 69 *FR* 28185.

[50] 69 *FR* 40299. The modifications provided for the following: (1) the granting of de minimis waivers for 66 articles and restoration to preferential treatment of 5 eligible articles from certain beneficiary countries; (2) the exclusion of 11 articles from certain beneficiary countries from eligibility for preferential treatment under GSP where shipments exceeded the competitive need limits for calendar year 2003; (3) the subdivision of certain Harmonized Tariff Schedule of the United States (HTS) subheadings 3901.10.00 and 3901.20.00 to provide for the removal of certain polyethylene polymer articles from eligibility under GSP; and (4) the granting of a waiver to Indonesia of the competitive need limits for HTS subheading 8525.40.80.

[51] 69 *FR* 54739. The modifications provided for the following: (1) the designation of Iraq as a GSP beneficiary country; (2) the removal of GSP eligibility for Russia for HTS 8108.90.60 (certain titanium); and (3) the revocation of a waiver for Russia of the competitive need limits in section 503 (c)(2)(A) of the Trade Act of 1974 for HTS 8108.90.60.

Other actions taken by USTR with respect to GSP in 2004 were:

- On April 12, 2004, USTR requested public comment on the possible withdrawal, suspension, or limitation of GSP benefits with respect to Bangladesh.[52]
- On July 6, 2004, USTR announced the initiation of a review to consider the designation of Iraq as a GSP beneficiary developing country and the solicitation of public comments.[53]
- On July 6, 2004, USTR announced the results of the 2003 Annual Products Review, the 2002 Annual Country Practices Review, and certain previously deferred product and country practices decisions which were implemented in Proclamation 7808.[54]
- On September 10, 2004, USTR initiated a review to consider the designation of Azerbaijan as a GSP beneficiary developing country.[55]
- On November 15, 2004 USTR extended the deadline for the submission of petitions for the 2004 Annual GSP Product and Country Eligibility Practices Review to December 13, 2004.[56]

Duty-free imports entered under the GSP program totaled approximately $22.7 billion in 2004, accounting for more than 10.2 percent of total U.S. imports from GSP beneficiary countries and about 1 percent of total U.S. imports (table 2-7). India was the leading GSP beneficiary in 2004, followed by Brazil, Thailand, Angola, and Indonesia. Appendix table A-8 shows the top 20 GSP products or product categories in 2004, and appendix table A-9 shows the overall sectoral distribution of GSP benefits.

African Growth and Opportunity Act (AGOA)

The Trade and Development Act of 2000 provides expanded trade benefits for 48 potentially eligible sub-Saharan African (SSA) countries under Title I, which is the AGOA.[57] AGOA amends the GSP program, described above, and authorizes the President to provide duty-free and quota-free treatment for certain products imported from SSA countries, if it is determined that these products are not import-sensitive in the context of imports from these countries. Whereas GSP covers approximately 4,600 items, AGOA expands coverage by more than 1,800 additional tariff lines. AGOA also exempts beneficiaries from GSP competitive-need limits. Signed by the President

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[52] 69 *FR* 19258.
[53] 69 *FR* 40704.
[54] 69 *FR* 40704.
[55] 69 *FR* 54825.
[56] 69 *FR* 65674.
[57] Trade and Development Act of 2000, Public Law 106-200, Title I, May 18, 2000, 114 Stat. 252.

Table 2-7
U.S. imports for consumption from GSP beneficiaries and the world, 2004

(Million dollars)

Item	All GSP beneficiaries	World
Total	220,839	1,453,345
Total GSP-eligible products	33,810	634,000
Total GSP (non-LDBDC) eligible	27,676	302,453
GSP-LDBDC eligible	6,134	331,547
Total of Duty Free	22,697	22,697
Duty-free under non-LDBDC GSP	18,462	18,462
Duty-free under GSP-LDBDC	4,236	4,236
Total of GSP eligible products not benefitting from GSP duty-free treatment	11,112	611,302
GSP Program exclusions	4,280	4,280
All other	6,833	607,022
Noneligible	187,029	819,346

Note.—Customs-value basis; excludes imports U.S. Virgin Islands.

Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP. Non-LDBDC eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbols "A" or "A*" in 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). LDBDC eligible products are those for which a rate of duty "Free" appears in the Special rate column of the 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 a number of reasons: the imports fail to claim GSP benefits affirmatively; the goods are from a GSP beneficiary that lost GSP benefits on that product for exceeding the so-called competitive need limits; the GSP beneficiary country may claim duty-free treatment under some other program or provision of the HTS; and the good fails to meet the rule of origin or direct shipment requirement of the GSP statute.

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

on August 2, 2002, section 3108 of the Trade Act of 2002 (AGOA II) enhanced the original 2000 AGOA provisions and expanded preferential access for apparel imports from SSA beneficiaries.[58] (See Trade Preference Programs below for additional information regarding preferential access for apparel imports from SSA countries.)

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

[58] These modifications collectively are referred to as AGOA II. In this report, the term AGOA refers to AGOA, AGOA II, and AGOA III, as a group.

and protect workers' rights.[59] Additionally, a country must not "engage in: i) violations of internationally recognized human rights, ii) support for acts of international terrorism, or iii) activities that undermine U.S. national security or foreign policy interests."[60]

Each year, the President must consider whether designated beneficiary countries continue to meet the statutory eligibility requirements. On December 10, 2004, the President designated Burkina Faso as AGOA-eligible, effective immediately, and on December 21, 2004, the President removed Côte d'Ivoire from the list of eligible countries, effective January, 1, 2005.[61] As of January 1, 2005, 37 SSA countries met AGOA's eligibility requirements,[62] and 24 SSA countries were eligible for apparel benefits.[63]

On July 13, 2004, the President signed into law the AGOA Acceleration Act of 2004 (also known as AGOA III).[64] AGOA III extended preferential access for imports from eligible SSA countries until September 30, 2015; extended third-country fabric provision for three years, from September 2004 until September 2007; and provided additional Congressional guidance to the Administration on how to administer the textile provisions of the bill.[65] AGOA III also expressed the sense of Congress that the Executive Branch, including the Bureau of Customs and Border Protection, the Committee for the Implementation of Textile Agreements, and the U.S. Department of

[59] USTR, *2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act, May 2005*, found at *http://www.agoa.gov/resources/resources.html#agoareports*, retrieved June 17, 2005, p. 13.

[60] USTR, *2005 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act, May 2005*, found at *http://www.agoa.gov/resources/resources.html#agoareports*, retrieved June 17, 2005, p. 13.

[61] The White House, "AGOA Act with Respect to Burkina Faso Proclamation," Dec. 10, 2005, found at *http://www.whitehouse.gov/news/releases/2004/12/20041210-15.html*, retrieved June 17, 2005; and The White House, "To Take Certain Actions Under the African Growth and Opportunity Act," Dec. 21, 2005, found at *http://www.whitehouse.gov/news/releases/2004/12/20041221-9.html*, retrieved June 17, 2005.

[62] The 37 AGOA beneficiary countries are: Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Chad, Democratic Republic of the Congo, Djibouti, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of the Congo, Rwanda, São Tomé and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

[63] The 24 countries eligible to receive AGOA apparel benefits are: Benin, Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

[64] Public Law 108-274.

Commerce, should implement and enforce the textile and apparel provisions of AGOA "broadly to expand trade by maximizing opportunities for imports of such articles" from eligible SSA countries.[66]

In addition to the textile- and apparel-related provisions, AGOA III mandates a number of additional, trade-facilitating provisions.[67] For example, the legislation encourages SSA countries to support international trade liberalization efforts, particularly WTO negotiations, and encourages the United States and the SSA countries to pursue U.S.-SSA bilateral investment agreements. AGOA III also addresses the need for increased trade capacity-building by encouraging the development of infrastructure projects that support the ecotourism industry. Further, the legislation mandates the promotion of infrastructure investment to improve and expand roads, railways, and ports. The legislation also identifies the expansion of information and communications technology infrastructure in SSA as an important objective. To encourage the expansion of the agricultural sector in SSA countries, the legislation requires the U.S. government to assign personnel to SSA to assist in increasing agricultural exports to the United States and to advise countries on meeting sanitary and phytosanitary standards. To further SSA countries' access to the U.S. market, AGOA III mandates increased coordination between U.S. and SSA customs services in order to reduce transit time and to increase efficiency and safety procedures.

On December 3, 2004, the President signed into law the Miscellaneous Trade and Technical Corrections Act of 2004, which amended AGOA III to grant LDBC status to Mauritius allowing producers there to use third-country fabric in qualifying apparel. The amendment limits Mauritius to a cap of 5 percent of the "Special Rule" cap.[68]

Total trade between the United States and SSA increased 58.3 percent, from $27.8 billion in 2000 to $44.0 billion in 2004. This increase reflects a 61.3-percent increase in U.S. imports from SSA, from $22.2 billion in 2000 to $35.8 billion in 2004, and a 46.4-percent increase in U.S. exports to SSA, from $5.6 billion in 2000 to $8.2 billion in 2004.[69]

Imports under AGOA have more than doubled in recent years, growing from $8.4 billion in 2002 to nearly $22.0 billion in 2004. Imports under AGOA increased from $13.2 billion in 2003 to $22.0 billion in 2004, or 66.7 percent (appendix table A-10). The five leading suppliers were Nigeria (70.1 percent of total imports under AGOA), Gabon (8.7 percent), Angola (5.7 percent), South Africa (3.8 percent), and Lesotho (2.0 percent). These countries accounted for more than 90 percent of total imports

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[65] AGOA textile and apparel benefits are described in more detail in the section "U.S. Textile and Apparel Trade Program," below.

[66] Ibid.

[67] "Text of AGOA Acceleration Act of 2004—AGOA III," found at *http://www.agoa.gov*, retrieved June 17, 2005.

[68] "Summary of AGOA Acceleration Act of 2004—AGOA III," found at *http://www.agoa.gov*, retrieved June 17, 2005.

under AGOA. Of the 25 leading imports under AGOA by 8-digit HTS, petroleum-related products accounted for $19.6 billion, or more than 89.3 percent, of total AGOA imports in 2004 (appendix table A-11). Apparel products accounted for $1.4 billion, or 6.5 percent, of total imports under AGOA in 2004. The largest 2003-04 percent increases were petroleum (513.7-percent increase, HTS 2709.00.10), industrial fatty alcohols (297.8-percent increase, HTS 3823.70.60), and manganese (263.5-percent increase, HTS 7202.11.50).

Andean Trade Preference Act

In 2004, articles from Bolivia, Colombia, Ecuador, and Peru entering the United States free of duty under the Andean Trade Preference Act (ATPA) were valued at $8.4 billion (table 2-8). 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.[70] ATPA expired on December 4, 2001, but was renewed retroactively on August 6, 2002 under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), part of the Trade Act of 2002.[71] ATPA, as amended by the ATPDEA, is scheduled to expire on December 31, 2006.

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 worker rights. On October 31, 2002, the President designated all four ATPA beneficiaries as ATPDEA beneficiaries.[72]

Table 2-8
U.S. imports for consumption from ATPA countries, 2002-2004

Item	2002	2003	2004
Total imports from ATPA countries (*1,000 dollars*)	9,611,482	11,639,464	15,489,766
Total under ATPA (*1,000 dollars*)	1,000,816	5,836,032	8,359,258
Imports under ATPDEA (*1,000 dollars*)	212,377	4,211,384	6,522,889
Total under ATPA, excluding ATPDEA (*1,000 dollars*)	788,439	1,624,648	1,836,369
Total under ATPA as a percent of total	10.4	50.1	54.0

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

[69] USITC Dataweb, compiled from official statistics of the U.S. Department of Commerce.

[70] For a more detailed description of ATPA, including country and product eligibility, see USITC, *The Impact of the Andean Trade Preference Act, Tenth Report 2003*, USITC publication 3725, Sept. 2004.

[71] Public Law 107-210, Title XXXI.

[72] President, "Proclamation 7616—To Implement the Andean Trade Promotion and Drug Eradication Act," 67 *FR* 67283-67291, Oct. 31, 2002.

A wide range of Andean products are eligible for duty-free entry under ATPA. ATPDEA amended ATPA to provide duty-free treatment for certain products previously excluded from ATPA, including certain textiles and apparel, footwear, petroleum and petroleum derivatives, watches and watch parts assembled from parts originating in countries not eligible for normal trade relations (NTR) rates of duty, and certain tuna packaged in foil or other flexible airtight packages (not cans). In addition, certain products previously eligible for reduced-duty treatment are now eligible for duty-free entry under ATPA, including certain handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel. Products that continue to be excluded from ATPA preferential treatment include textile and apparel articles not otherwise eligible for preferential treatment under ATPDEA, and certain agricultural products. Provisions related to textiles and apparel are discussed in more detail later in this chapter. With the exception of tuna in foil or flexible airtight packages, ATPDEA did not grant new benefits to agricultural products. Thus, canned tuna, rum and tafia, and above-quota imports of certain agricultural products subject to tariff rate quotas (primarily sugar, beef, and dairy products) continue to be excluded from the program.

U.S. imports from ATPA countries were valued at $15.5 billion in 2004, an increase of about 33 percent from $11.6 billion in 2003 (table 2-8). U.S. imports under ATPA preferences in 2004 were valued at $8.4 billion and accounted for 54.0 percent of all imports from ATPA countries. U.S. imports under ATPDEA were valued at $6.5 billion and accounted for 78.0 percent of imports under ATPA in 2004. U.S. imports under the original ATPA (ATPA excluding ATPDEA) accounted for the remaining 22.0 percent, valued at $1.8 billion.

In 2004, U.S. imports under ATPA increased from each of the four beneficiary countries (appendix table A-12). Colombia remained the largest source of U.S. imports under ATPA in 2004 and Ecuador ranked second; both were important suppliers of petroleum under ATPDEA. Indeed, petroleum products accounted for 63 percent of U.S. imports under ATPA in 2004 and represented four of the top 20 U.S. imports under the program. Apparel was the next largest category of imports under ATPA, accounting for 14 percent of such imports and six of the 20 leading imports under ATPA. Since 2002, U.S. apparel imports from the region overall (not just under ATPA) have grown by more than 75 percent. U.S. imports of apparel under ATPA increased 53 percent in 2004 compared with 2003, the first year that such imports were recorded under the program. Other leading imports under ATPA in 2004 included copper cathodes, fresh cut flowers, asparagus, and gold jewelry (appendix table A-13).

Caribbean Basin Economic Recovery Act

In 2004, articles from 24 countries and territories in the Caribbean Basin and Central America entering the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) were valued at $10.8 billion in 2004 (table 2-9).[73] CBERA has been operative since January 1, 1984. The act, as amended, has no statutory expiration date.[74] CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).[75] CBI was launched in 1982 principally to promote export-led economic growth and economic diversification in the Caribbean Basin region.[76]

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted on May 18, 2000, expanded the coverage of preferential tariff treatment for several articles previously excluded under the original CBERA. Notably, the list of newly qualifying articles included certain apparel, the assembly of which is an important Caribbean Basin industry.[77] The CBTPA also extended NAFTA-equivalent treatment (that is, rates of duty equivalent to those accorded to Mexican 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.[78]

Table 2-9 shows U.S. imports under the expanded CBERA during 2002-04. After U.S. imports tripled in 2001, the first full year following the amendment of CBERA with CBTPA,[79] growth of U.S. imports under the program continued, but at a reduced pace. Such imports amounted to approximately $10.0 billion in 2002, $10.4 billion in 2003, and $10.8 billion in 2004. Notably, during this three-year period, imports under the expanded CBERA accounted for a declining share of all U.S. imports from CBERA countries: 47.0 percent in 2002, 42.6 percent in 2003, and 39.2 percent in 2004. Appendix table A-14 shows imports from each of the CBERA countries during the period 2000-04.

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[73] The 24 countries designated for CBERA benefits are shown in appendix table A-14.

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

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

[76] President, "Address before the Permanent Council of the Organization of American States," *Weekly Compilation of Presidential Documents*, Mar. 1, 1982, pp. 217-223.

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

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

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

Table 2-9
U.S. imports for consumption from CBERA countries, 2002-2004

Item	2002	2003	2004
Total imports from CBERA countries (*1,000 dollars*)	21,254,828	24,499,559	27,555,492
Total under CBERA, including CBTPA (*1,000 dollars*)	9,996,406	10,427,270	10,809,873
Total under CBTPA (*1,000 dollars*)	7,078,010	7,462,065	7,908,041
Total under CBERA, excluding CBTPA (*1,000 dollars*)	2,918,396	2,965,205	2,901,832
Total under CBERA (including CBTPA) as a percent of total	47.0	42.6	39.2

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

Appendix table A-15 shows the leading 25 imports entered under CBERA in 2004. Wearing apparel products dominate the list. Thirteen products were knitted and not knitted apparel; four products were petroleum derivatives; and the remaining eight were products that had already qualified for benefits under the original CBERA, i.e., before the implementation of CBTPA. They were: methanol, cigars, articles of jewelry, raw sugar, undenatured ethyl alcohol, two tariff items of pineapples, and automatic circuit breakers.

U.S. Textile and Apparel Trade Program

This section summarizes recent developments affecting U.S. trade in textiles and apparel. It covers (1) the completion of the 10-year phaseout of quotas under the WTO on January 1, 2005; (2) U.S. quota activity in 2004; (3) China textile safeguard actions; (4) changes in textile trade preferences for sub-Saharan Africa; (5) textile and apparel provisions in new free trade agreements;[80] (6) duty-free treatment for articles made in Egypt containing inputs from Israel; (7) extension and modification of temporary tariff relief on certain imported wool articles; and (8) U.S. imports of textiles and apparel in 2004.

Uruguay Round Agreement on Textiles and Clothing

On January 1, 2005, the main provisions of the Uruguay Round Agreement on Textiles and Clothing (ATC) were completed, marking the conclusion of the 10-year phaseout of quotas that have shaped world trade in textiles and apparel for the past 30 years. The ATC came into effect with the WTO Uruguay Round Agreements in 1995 and superseded the Multifiber Arrangement (MFA), a series of arrangements negotiated under the auspices of the General Agreement on Tariffs and Trade (GATT 1947) which governed world trade in textiles and apparel and permitted importing countries to

[80] U.S. free trade agreements are discussed more broadly in chapter 4.

establish quotas on such goods outside normal GATT rules during 1974-94.[81] The ATC required the United States, the European Union, and Canada to phase out their import quotas on textiles and apparel from WTO member countries and "integrate" their trade in such goods into the GATT in four stages over the 10-year transition period ending January 1, 2005. Since January 1, 2005, WTO member countries have had quota-free access to the textile and apparel markets of the major importing countries. The importing countries may not establish any new quotas on such goods except as provided under regular GATT rules.

The phaseout of quotas will likely lead to major changes in global trade in textiles and apparel.[82] China is expected to become the "supplier of choice" because of its ability to make most textile and apparel products at any quality level at a competitive price. However, under the terms of its WTO accession protocol, China agreed to a textile safeguard mechanism that permits the United States and other WTO countries to limit imports of Chinese textiles and apparel under certain conditions (as discussed below). Other major exporting countries likely to benefit from quota elimination are India, which has a large manufacturing base supplying a wide range of goods at competitive prices, as well as Pakistan, and Bangladesh, which are likely to supply a narrower but still significant range of goods. Countries eligible for trade preferences will likely be competitive in the U.S. market, but some of them will likely lose market share because the trade preferences may not be enough to keep them competitive in relation to lower-cost Asian producers. Many other developing countries will likely lose market share in the United States, particularly those that do not benefit from trade preferences, economies of scale, competitive labor costs, or proximity to the U.S. market.

U.S. Quota Activity in 2004

In 2004, the United States maintained import quotas on textiles and apparel from 43 countries, 38 of which are WTO members and, thus, eligible for ATC quota liberalization (table 2-10). The 43 countries supplied 69 percent ($58 billion) of U.S. imports of such goods in 2004. As required by the ATC, the United States eliminated all remaining quotas on textiles and apparel for the 38 WTO countries on January 1,

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[81] The MFA was established to deal with market disruption in textile trade in developed countries, while permitting developing countries to share in expanded export opportunities. It provided a general framework and guiding principles for negotiation of bilateral agreements between importing and exporting countries for the purpose of setting quotas and quota growth rates, or for unilateral action by an importing country if an agreement could not be reached. The MFA permitted the use of quotas without compensation, contrary to the general prohibition against their use under the GATT.

[82] Information in this paragraph is from the U.S. International Trade Commission, *Textiles and Apparel: Assessment of the Competitiveness of Certain Foreign Suppliers to the U.S. Market* (Inv. No. 332-448), USITC publication 3671, Jan. 2004, vol. I, ch. 3.

2005.[83] The United States still maintains quotas on textiles and apparel from three non-WTO countries—Belarus, Ukraine, and Vietnam (as of June 1, 2005)[84]—which will be eligible for quota liberalization when they join the WTO.[85]

The availability of quantities for key products in 2004 was a major concern for exporting countries. Under the "flexibility provisions" of U.S. bilateral textile agreements, exporting countries could, under certain conditions, transfer unused portions of quotas between years and between quota categories in a given year. In particular, exporting countries could "carry forward" or borrow quota from the year ahead.[86] The use of carryforward reduced the base quota level for that year, but the shortfall could be replaced by the use of carryforward from the following year. The amount of carryforward varied by country, but could be as much as 9 percent for some exporting countries. Because there are no quotas in 2005 against which to borrow, exporting countries were unable to use carryforward in 2004. Moreover, in some product categories, exporting countries that had used carryforward in 2003 (that is, borrowed against 2004 quotas for use in 2003) had less quota available in 2004 than in 2003.[87]

In a related development, the United States announced that it would delay entry in 2005 of any textile and apparel articles shipped from exporting countries in excess of 2004 quota limits. Because the United States administers annual quota limits based on the date of export, not the date of entry, all goods shipped from exporting countries in 2004, even if the goods arrive in the United States in 2005, are subject to 2004 quotas. Under procedures announced by the Committee for the Implementation of Textile Agreements (CITA), an interagency group that administers the U.S. textile trade

[83] The United States had already eliminated all remaining quotas for WTO members Mexico and Singapore on Jan. 1, 2004, as required by the NAFTA and the U.S.-Singapore FTA, respectively. On Aug. 28, 2003, the United States imposed a ban on imports of all goods from Myanmar (Burma), a WTO member that was subject to U.S. quotas on textiles and apparel.

[84] The United States did not renew or extend the bilateral textile agreements with non-WTO countries Laos or Russia providing for quotas on certain goods following expiration of the agreements at the end of 2004.

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

[86] The flexibility provisions also permitted exporting countries, under certain conditions, to transfer unused portions of quotas from the prior year to the current year within the same product category ("carryover") and from one product category to another product category within the same year ("swing").

[87] For example, a trade report noted that China's 2004 quota for cotton knit shirts (cats. 338/339) was 2.4 percent lower than the 2003 quota, even though its allowable annual quota growth rate was 0.6 percent. See Global Trade Advisor, "Carryforward for 2004," issued by IBERC (Sandler, Travis & Rosenberg, P.A.), Jan. 16, 2004, p. 2.

Table 2-10

Textiles and apparel: U.S. imports from countries with which the United States had quotas in 2004

(Million dollars)

Country	Imports
WTO countries:	
Bahrain	204
Bangladesh	2,066
Brazil	408
Bulgaria	174
Cambodia	1,442
China	14,558
Colombia	636
Costa Rica	524
Czech Republic	27
Dominican Republic	2,066
Egypt	564
El Salvador	1,757
Fiji	86
Guatemala	1,959
Hong Kong	3,959
Hungary	50
India	3,633
Indonesia	2,620
Jamaica	86
Korea, Republic of	2,580
Kuwait	33
Macau	1,437
Macedonia	42
Malaysia	764
Nepal	131
Oman	126
Pakistan	2,546
Philippines	1,938
Poland	62
Qatar	64
Romania	107
Slovak Republic	12
Sri Lanka	1,585
Taiwan	2,104
Thailand	2,198
Turkey	1,764
United Arab Emirates	260
Uruguay	17
Non-WTO countries:	
Belarus	48
Laos[1]	2
Russia[1]	332
Ukraine	71
Vietnam	2,720

[1] The bilateral agreement providing for U.S. import quotas on apparel from this country expired without renewal on Dec. 31, 2004, and has not been renewed or extended as of June 1, 2005.

Source: Import data compiled from official statistics of the U.S. Department of Commerce, Office of Textiles and Apparel, retrieved June 6, 2005.

agreements program,[88] all shipments in excess of 2004 quotas were held until February 1, 2005, and then entry was permitted at a rate equal to 5 percent of the applicable 2004 base quota per month, on a first-come, first-served basis (based on date of shipment) for entries presented on and after February 1 (the staged entry will continue for as many months as are needed until all the goods have entered the United States).[89] CITA is also applying similar rules to imports from China in excess of three 2004 safeguard limits (discussed below), except that entry based on 5 percent per month of the applicable safeguard limit began on January 24, 2005. The CITA procedures apply only to goods shipped in excess of the applicable 2004 quota or safeguard; they do not apply to any goods shipped from exporting countries on or after January 1, 2005.

China Textile Safeguard Actions

China became eligible for ATC benefits upon its accession to the WTO on December 11, 2001, and was able to "catch up" immediately with the ATC integration schedule of other WTO countries, as provided for in its WTO accession protocol. However, under the terms of this agreement, the United States and other WTO countries may impose temporary safeguards (or quotas) on imports of Chinese textiles and apparel under certain conditions.[90] The textile safeguard provision permits WTO countries that believe imports of Chinese textiles and apparel are, owing to market disruption, threatening to impede the orderly development of trade in these goods, to request consultations with China "with a view to easing or avoiding such market disruption."[91] Upon receipt of such a request, the safeguard provision requires China to hold its shipments to a level no greater than 7.5 percent (6 percent for wool goods) above the amount entered in the first 12 months of the most recent 14 months preceding the request for consultations.[92] The textile safeguard provision, scheduled to expire December 31, 2008, does not permit any safeguard to remain in effect beyond one year, without re-application, unless both countries agree.

The United States initiated its first textile safeguard actions with China in December 2003, when it simultaneously imposed safeguards and requested consultations with China on cotton and manmade-fiber knit fabrics (category 222), brassieres and other body-supporting garments (categories 349/649), and robes and dressing gowns

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[88] CITA is chaired by the U.S. Department of Commerce and also includes the Office of the United States Trade Representative and the U.S. Departments of State, Labor, and Treasury.

[89] CITA, "Entry of Shipments of Textiles and Apparel in Excess of 2004 Agreement Limits or Certain China Safeguard Limits," *Federal Register* (69 *FR* 72181), Dec. 13, 2004. In a *Federal Register* notice of June 25, 2004 (69 *FR* 35586), CITA stated that "shipments exported in 2004 in excess of agreed limits are in violation of the terms" of U.S. bilateral agreements and the ATC and that it reserves the right to deny entry to goods that have been shipped in excess of 2004 limits or to stage their entry in 2005.

[90] Information on the China textile safeguard is from the WTO, Ministerial Conference, Doha, Qatar, *Report of the Working Party on the Accession of China*, WT/MIN(01)3, Nov. 10, 2001, para. 242, pp. 46-47.

[91] Ibid.

[92] Ibid.

(categories 350/650).[93] U.S. imports of these articles had increased substantially during 2001-03, from 28 million to 363 million square meter equivalents (SMEs).[94] The only other China textile safeguard action initiated by the United States during 2004, occurred in October 2004, when the United States imposed safeguards and requested consultations with China on cotton, wool, and manmade-fiber socks (332/432/632(pt.)).[95] Imports of all cotton, wool, and manmade-fiber socks from China had increased from 4 million SMEs in 2001 to 91 million SMEs in 2003. Because the two countries did not reach agreement on mutually acceptable safeguard levels for any of the articles specified above within 90 days of the request for consultations, the safeguard levels initially set by the United States on the knit fabrics, brassieres, and robes at the time of the request for consultations remained in effect for the 12-month period ending December 23, 2004, while those on the socks will remain in effect for the 12-month period ending October 28, 2005.

During October-December 2004, CITA accepted for consideration 12 requests for textile safeguards that allege threat of market disruption, rather than actual market disruption, by Chinese textile imports.[96] On December 30, 2004, in response to a motion filed by the U.S. Association of Importers of Textiles and Apparel, the U.S. Court of International Trade (CIT) issued a preliminary injunction halting progress in all U.S. textile safeguard actions based on a threat of market disruption.[97] On January 31, 2005, the CIT denied a request by the Department of Justice for a stay of the preliminary injunction pending its appeal to the Court of Appeals for the Federal Circuit (CAFC). On April 27, 2005, the CAFC granted the U.S. Government's motion for a stay, pending appeal, of the temporary injunction issued by the CIT on December 30, 2004, that barred CITA from proceeding on the 12 petitions based on a threat of market disruption.[98] Thus, CITA resumed its consideration of these petitions.[99] Subsequently, on June 28, 2005, the CAFC reversed the temporary injunction issued by the CIT on December 30, 2004.[100]

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[93] CITA notices published in the *Federal Register* of Dec. 29, 2003 (68 *FR* 74944-74949).

[94] The data are official statistics of the U.S. Department of Commerce, and are available on the website of its Office of Textiles and Apparel (OTEXA) at *http://otexa.ita.doc.gov*.

[95] CITA notice published in the *Federal Register* of Nov. 1, 2004 (69 *FR* 63371).

[96] Three of the 12 threat-based requests involved reapplication of safeguards on knit fabrics, brassieres, and robes and dressing gowns that expired on Dec. 23, 2004. The other nine requests involved articles from China that were still under quota in 2004.

[97] See *U.S. Association of Importers of Textiles and Apparel v. United States* in "Decisions of the United States Court of International Trade," Slip Op. 04-162, published by the Department of Homeland Security, Bureau of Customs and Border Protection, in *Customs Bulletin and Decisions*, vol. 39, No. 4, Jan. 19, 2005.

[98] *U.S. Association of Importers of Textiles and Apparel v. United States*, Ct. No. 05-1209.

[99] CITA notice published in the *Federal Register* of May 9, 2005 (70 *FR* 24397).

[100] United States Court of Appeals for the Federal Circuit, *U.S. Association of Importers of Textiles and Apparel v. United States, et al.*, Ct. No. 05-1209, June 28, 2005. For a discussion of the CAFC decision, see Rossella Brevetti and Christopher S. Rugaber, "Textiles: Appeals Court Reverses Injunction Barring China Threat-Based Safeguards," *International Trade Daily*, June 29, 2005.

On May 23, 2005, the United States imposed safeguards and requested consultations with China on knit cotton shirts and blouses (categories 338/339), cotton trousers (347/348), and cotton and manmade-fiber underwear (352/652), following determinations made by CITA in these three self-initiated textile safeguard cases that imports of these Chinese products are, "due to market disruption and the threat of market disruption, threatening to impede the orderly development of trade" in these goods.[101] In addition, on May 27, 2005, the United States imposed safeguards and requested consultations with China on combed cotton yarn (301), men's and boys' woven cotton and manmade-fiber shirts (340/640), knit manmade-fiber shirts and blouses (638/639), and manmade-fiber trousers (647/648), following determinations made by CITA that imports of these Chinese products are, "due to a threat of market disruption, threatening to impede the orderly development of trade" in these goods.[102]

CITA also has accepted for consideration several other requests for China textile safeguard actions, covering imports from China of certain synthetic filament fabric (category 620), cotton and manmade-fiber robes and dressing gowns (categories 350/650), cotton and manmade-fiber brassieres and other body-supporting garments (categories 349/649), and cotton and manmade-fiber sweaters (categories 345/645/646); however, CITA has not announced its determination on any of these products (as of June 23, 2005) as to whether the United States will request consultations with China.[103]

Trade Preference Programs

As noted previously, 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 CBTPA, AGOA, and ATPDEA. These programs also extend duty-free benefits to apparel made in the beneficiary countries from "regional fabrics," subject to a ceiling, or "cap," on the quantity of such apparel that can enter duty-free under each program. In addition, AGOA permits apparel made in LDBCs from fabrics made in countries other than the United States or those in sub-Saharan Africa to enter free of duty under the AGOA regional fabric cap (the "third-country fabric" provision).[104]

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[101] CITA notice published in the *Federal Register* of May 24, 2005 (70 *FR* 29722).

[102] CITA notice published in the *Federal Register* of May 31, 2005 (70 *FR* 30930).

[103] In addition, CITA received a request for a China textile safeguard action on cotton and manmade-fiber curtains and draperies (categories 369 pt./666 pt.) on May 31, 2005, and a revised request on these products on June 22, 2005; however, CITA has not announced its determination as to whether this request provides the information necessary for it to consider the request (as of June 23, 2005). For further information on China textile safeguard actions filed with CITA, see the OTEXA website at *http://otexa.ita.doc.gov*.

[104] In 2004, U.S. imports of textiles and apparel eligible for duty-free entry totaled $6.5 billion under the CBTPA, $1.8 billion under the AGOA, and $1.4 billion under the ATPDEA. The data are official statistics of the U.S. Department of Commerce, and are available on the OTEXA website at *http://otexa.ita.doc.gov*.

AGOA III modified the percentages to be used in calculating the cap on duty-free benefits for apparel made of regional fabrics in sub-Saharan Africa. The cap was reduced from 4.7931 percent to 4.747 percent of total U.S. apparel imports by quantity for the one-year period that began on October 1, 2003; it is to increase annually in equal increments to 7 percent for the one-year period beginning on October 1, 2007, and remain at that level for the duration of AGOA. Duty-free benefits for apparel made in LDBCs from third-country fabrics, which are provided for under the regional fabric cap, remained unchanged at 2.3571 percent of total U.S. apparel imports for the one-year period that began on October 1, 2003; however, AGOA III increased the "sub-cap" for the LDBCs to about 2.6 percent and 2.9 percent in the first two one-year periods of the extension, respectively, and then reduced it to 1.6 percent in the third and final one-year period.[105]

AGOA III also grants duty-free benefits to imports of apparel made in AGOA countries with certain non-originating, or third-country, components (namely, collars, cuffs, drawstrings, waistbands, belts attached to garments, patches, straps using elastic, and padding and shoulder pads). This provision is in addition to an existing AGOA rule that permits the use of third-country findings and trimmings (e.g., zippers) if their value is not more than 25 percent of the cost of the components of the article. AGOA III also increased the de minimis level for third-country fibers and yarns in apparel from the original level of 7 percent to not more than 10 percent of the total weight of the article, which would conform to the rule that was negotiated in the FTA with Central America and the Dominican Republic, and which would provide AGOA countries with additional sourcing flexibility.[106] AGOA III also clarified that AGOA duty-free benefits apply to apparel made in sub-Saharan Africa from a combination of U.S. and AGOA fabrics or components and to African ethnic printed fabric, even if made by machine, provided that the fabric meets certain criteria. In addition, AGOA III extended duty-free benefits retroactive to the date of enactment of AGOA on October 1, 2000, for apparel knit-to-shape in AGOA countries (the Trade Act of 2002 extended duty-free benefits to such apparel, but only on a prospective basis).

AGOA III also expressed the sense of Congress that the Executive Branch, including the Bureau of Customs and Border Protection, CITA, and the U.S. Department of Commerce should implement and enforce the textile and apparel provisions of AGOA "broadly to expand trade by maximizing opportunities for imports of such articles" from eligible AGOA countries.

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[105] For the one-year period from Oct. 1, 2003 through Sept. 30, 2004, the regional fabric cap was 956,568,715 SMEs; the sub-cap for apparel made in LDBCs from third-country fabrics was 470,411,241 SMEs. The "fill rates" were 37.6 percent for the regional fabric cap and 68.1 percent for the sub-cap.

[106] U.S. House of Representatives, Committee on Ways and Means, *AGOA Acceleration Act of 2004: Report to Accompany H.R. 4103*, 108th Congress, 2nd session, H. Rept. 108-501, p. 20.

On December 3, 2004, President Bush signed into law the Miscellaneous Trade and Technical Corrections Act of 2004 (Public Law 108-429).[107] Section 2004(k) of the Act designated Mauritius as an LDBC under AGOA for one year, from October 1, 2004 through September 30, 2005. Accordingly, imports of apparel made in Mauritius from third-country fabrics can enter free of duty, not to exceed 5 percent of the sub-cap available for apparel imported under the special rule for LDBCs (or about 26.8 million SMEs). Except for this one-year designation, Mauritius and South Africa are the only AGOA countries that are not designated as LDBCs.

Free Trade Agreements

In general, the rules of origin for textiles and apparel in U.S. free trade agreements (FTAs)[108] with Australia, Chile, Morocco, and Singapore,[109] as well as proposed FTAs with Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic, and Bahrain, were modeled after those in NAFTA, and require that imports of most articles from the FTA partner be assembled from inputs made either there or in the United States, generally from the yarn stage forward.[110] Under this "yarn forward" rule, only the fibers may be from third countries.[111] A "fiber forward" origin rule applies to a limited number of products (mainly yarns and knit fabrics), which must be made in an FTA party from the fiber stage forward. The rules of origin for apparel generally apply only to the component that determines the tariff classification of the garment—that is, the component that provides the garment its "essential character."[112] The FTAs contain exceptions to the yarn-forward rule of origin which are described below.

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[107] Information on Mauritius is from notices of USTR, "Notice of Change to . . . Chapter 98 of the Harmonized Tariff Schedule of the United States," and CITA, "Limitations of Duty- and Quota-Free Imports of Apparel Articles Assembled in Mauritius from Third-Country Fabric," published in the *Federal Register* of Feb. 24, 2005 (70 *FR* 9125) and Mar. 1, 2005 (70 *FR* 9929), respectively.

[108] U.S. FTAs are described in more detail in chapter 4 of this report.

[109] Australia, Chile, Morocco, and Singapore together accounted for less than 1 percent of total U.S. textile and apparel imports in 2004. U.S. imports of textiles and apparel totaled $243 million for Australia, $29 million for Chile, $75 million for Morocco, and $244 million for Singapore. The U.S. FTAs with Chile and Singapore entered into force on Jan. 1, 2004. The U.S. FTA with Australia entered into force on Jan. 1, 2005. The United States and Morocco completed FTA negotiations during 2004, but the FTA did not enter into force during the year.

[110] Most visible lining fabrics are also subject to the "yarn forward" rule for the FTAs with Australia, Chile, Singapore, and Central America and the Dominican Republic. NAFTA allows for visible lining fabrics to be made from the fabric stage forward.

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

[112] This provision in the U.S. FTA with Central America and the Dominican Republic is different from CBTPA rules of origin. CBTPA rules of origin generally require that all fabric components of a garment be made of U.S.-formed fabric from U.S.-formed yarns or, with limitations, of regionally formed fabric of U.S. yarn.

FTAs with Australia, Chile, and Singapore

The U.S. FTAs with Chile and Singapore provide for the immediate elimination of duties on textiles and apparel that satisfy the rules of origin specified in the FTAs ("originating goods"),[113] while the FTA with Australia provides for the phaseout of most duties on such goods over 10 years, or by January 1, 2014. The FTAs contain a de minimis foreign content rule that permits up to 7 percent of the total weight of the originating good to consist of fibers or yarns that are not made in the United States or the FTA partner, except for elastomeric yarns, which must be made in an FTA partner.

The FTAs with Chile and Singapore, unlike the FTA with Australia, contain tariff preference levels (TPLs) that provide duty preferences for specified quantities of certain "non-originating goods" (i.e., goods that do not meet the FTA rules of origin because they are made of yarns and fabrics from countries other than the United States and the FTA partner). The two TPLs in the Chile FTA grant duty-free treatment to (a) 2 million SMEs of non-originating cotton and manmade-fiber apparel for the first 10 years and 1 million SMEs thereafter, and (b) 1 million SMEs of non-originating cotton and manmade-fiber fabrics.[114] The Singapore FTA contains one TPL covering non-originating cotton and manmade-fiber apparel, which is to expire after eight years. The TPL quantity of 25 million SMEs in 2004 is to be reduced by 3.125 million SMEs each year thereafter, reaching zero in 2012. The rates of duty under the TPL are to be reduced in equal increments over a five-year period, reaching zero in 2008.

FTA with Central America and the Dominican Republic[115]

The FTA negotiated with Central America and the Dominican Republic provides for significant and permanent enhancements of the CBTPA as it relates to textiles and apparel. The FTA provides for the immediate elimination of duties on textiles and apparel that meet the rules of origin specified in the FTA, retroactive to January 1, 2004.

The yarn-forward rule applicable to most apparel articles and woven fabrics under the FTA also applies to certain apparel components (i.e., narrow elastic fabrics and sewing thread). By contrast, the FTAs with Chile and Singapore permit the use of third-country narrow elastic fabrics and sewing thread in apparel. The FTA with Central America and the Dominican Republic contains a de minimis foreign content rule that permits up to 10 percent of the total weight of the "essential character component" to consist of non-originating fibers or yarns (excluding elastomeric yarns,

[113] The United States also eliminated all remaining import quotas on textiles and apparel from Singapore on Jan. 1, 2004. The United States did not maintain quotas on textiles and apparel from Chile.

[114] Once imports reach the level established under a TPL, they will be subject to the higher NTR duty rates.

[115] Information in this section is from the final text of the FTA, found on the USTR website at *www.ustr.gov*.

which must be made entirely in an FTA partner),[116] compared with a 7 percent de minimis rule in the Chile and Singapore FTAs. In addition, other product exceptions to the yarn-forward rule under the FTA with Central America and the Dominican Republic are as follows:

- A "fabric forward" rule of origin applies to wool apparel; i.e., the wool fabric must be made in an FTA partner country, regardless of the source of the yarns.
- A "single transformation" rule of origin applies to certain boxers, pajamas, and girls' dresses of woven fabrics; umbrellas; and textile luggage; i.e., the articles must be cut and sewn in an FTA partner country, regardless of the source of the fabrics.

The FTA also provides duty preferences for imports of certain non-originating goods made in Central American countries and the Dominican Republic—that is, goods that do not meet the FTA rules of origin—as follows:

- A TPL for Nicaragua grants duty-free entry for 10 years to cotton and manmade-fiber apparel made from non-originating fabrics, provided that the fabrics are cut and sewn into garments with regional thread. The TPL is equal to 100 million SMEs of such apparel in each of the first five years of the FTA; it is to be reduced in equal annual increments over the subsequent five years, reaching zero after 10 years.
- A TPL for Costa Rica grants reduced duties (50 percent of the applicable NTR duty rate) on tailored wool apparel made from non-originating fabrics, up to a cap of 500,000 SMEs of such apparel in each of the first two years of the FTA (the TPL is to be subject to review after 18 months).[117]

Duty-free entry for apparel made of woven fabrics from NAFTA partners Mexico and Canada, up to a cap of 100 million SMEs in the first calendar year of the FTA with Central America and the Dominican Republic, and as much as 200 million SMEs in succeeding years, based on the growth of FTA country exports of qualifying apparel made of woven fabrics. This "cumulation provision" is to enter into force only after Canada and Mexico fulfill their promise to grant reciprocal cumulation benefits to U.S. and Central America/Dominican Republic country exports of textiles and apparel—that is, Mexico and Canada provide duty-free entry to goods made in Central America and the Dominican Republic from U.S. woven fabrics.[118]

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[116] By contrast, the CBTPA (described above) contains a 7 percent de minimis rule, which applies to the total weight of all fabric components in a garment.

[117] Under Annex 3.27 of the FTA (Preferential Tariff Treatment for Wool Apparel Goods Assembled in Costa Rica), Costa Rica and the United States shall consult 18 months after the date of entry into force of the FTA regarding the operation of this Annex and the availability of wool fabric in the region.

[118] The cumulation provision is intended to spur integration of the North and Central American textile industries and prepare for a highly competitive global market following quota elimination in 2005. See Office of the United States Trade Representative, "Trade Facts: Free Trade with Central America," press release, Dec. 17, 2003.

Duty-free entry for apparel made in Central America and the Dominican Republic from yarns and fabrics that are not available in the United States or Central America / Dominican Republic in commercial quantities in a timely manner, regardless of the source of the yarns and fabrics.[119]

Qualifying Industrial Zones Program for Israel and Egypt[120]

The 1985 United States-Israel Free Trade Area Implementation Act (IFTA) was amended in 1996 to give the President authority to proclaim duty-free treatment for articles made in "qualifying industrial zones" (QIZs) in Jordan and Egypt, provided that the articles contain inputs that are the product of Israel.[121] Under authority granted in section 9 of IFTA, the President proclaimed duty-free treatment for such articles and delegated to USTR the authority to designate an area as a QIZ.[122] Since the inception of the program in 1996, USTR has designated 13 QIZs in Jordan. In December 2004, USTR approved the request of Egypt and Israel to designate the first three QIZs in Egypt (the Greater Cairo zone, the Alexandria zone, and the Suez Canal zone, which includes an industrial area of Port Said). Duty-free benefits apply to qualifying articles exported to the United States after December 29, 2004.

The QIZ program was intended to foster economic cooperation, closer ties, and peaceful relations between Israel and its QIZ partners Egypt and Jordan. The QIZs must encompass portions of Israel and Egypt or Israel and Jordan, but the areas do not have to be contiguous. In general, for a QIZ article to enter the United States free of duty, the article must be produced in and imported directly from the QIZ, and the value added in the QIZ must be no less than 35 percent of the total value of the article. The 35 percent minimum content requirement can include costs incurred in Israel, Egypt, or the United States. Separate agreements between Israel and its QIZ partners require that the QIZ articles contain minimum Israeli content; specifically, Israeli content must account for at least 11.7 percent of the value of the article made in the Egyptian QIZs and at least 8 percent for an article made in the Jordanian QIZs.

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[119] The FTA identifies yarns and fabrics in "short supply" as those specified in Annex 401 of NAFTA and those designated under the "commercial availability" provisions of CBTPA, AGOA, and ATPDEA.

[120] Except as noted, information in this section is from USTR, "United States, Egypt and Israel to Launch Historic Trade Partnership," press release, Dec. 10, 2004; "Fostering Trade in the Middle East: An Israel-Egypt Trade Partnership," fact sheet, Dec. 14, 2004; and "United States-Israel Free Trade Area Implementation Act; Designation of Qualifying Industrial Zones," *Federal Register* (69 *FR* 78094), Dec. 29, 2004, p. 78094.

[121] Public Law 99-47, approved June 11, 1985, 19 U.S.C. 2112, as amended by Public Law 104-234, approved Oct. 2, 1996.

[122] Presidential Proclamation 6955 of Nov. 13, 1996, "To Provide Duty-Free Treatment of Products of the West Bank and the Gaza Strip and Qualifying Industrial Zones," *Federal Register*, Nov. 18, 1996 (61 *FR* 58759).

U.S. imports of articles made in Jordan's QIZs totaled $927 million in 2004, representing a substantial increase over the 2003 level of $564 million and the 2000 level of $30 million. The imports from the Jordanian QIZs during 2000-04 consisted almost entirely of apparel. According to a USTR report, the QIZs are Jordan's strongest job creator. Jordan estimates that more than 35,000 jobs have been created in the QIZs.[123] Investment in Jordan's QIZs is currently at $85-$100 million and is expected to grow to $180-$200 million. Similar benefits are expected to flow from the QIZs in Egypt. Articles likely to be exported from the Egyptian QIZs include textiles and apparel, which already are a major source of manufacturing activity in the QIZs.

Extension and Modification of Temporary Tariff Relief for Wool Articles

Title IV of the Miscellaneous Trade and Technical Corrections Act of 2004 extended and expanded existing legislation providing U.S. tailored clothing manufacturers, worsted wool fabric and yarn producers, and wool producers with tariff relief and incentives to stabilize U.S. employment and production for two more years, through December 31, 2007.[124] The wool program was first established in Title V of the Trade and Development Act of 2000 (TDA 2000), as amended and extended by the Trade Act of 2002.[125] Title V of TDA 2000 suspended duties on imports of fine wool yarns, fibers, and tops used to make worsted wool fabrics and yarns, and suspended or reduced duties on limited quantities of imported worsted wool fabrics suitable for use in making men's and boys' suits, sport coats, and trousers. To implement the tariff relief on the fabrics, Title V of TDA 2000 created TRQs[126] for "coarse-micron" and "fine-micron" worsted wool fabrics,[127] provided for in subheadings 9902.51.11 and 9902.51.12 of the HTS, respectively.[128]

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[123] USTR, "United States, Egypt and Israel to Launch Historic Trade Partnership," press release, Dec. 10, 2004.

[124] The "Wool Suit and Textile Trade Extension Act of 2004," Title IV, Public Law 108-429, Dec. 3, 2004, 118 Stat. 2600 et seq.

[125] Title V of TDA 2000 was enacted on May 18, 2000; implemented by Presidential Proclamation 7383 of Dec. 1, 2000 (published in the *Federal Register* of Dec. 6, 2000 (65 *FR* 76551)); and amended by the Trade Act of 2002 (Public Law 107-210, Aug. 6, 2002, 116 Stat. 933; wool provisions are at sec. 5101 et seq.).

[126] Under a TRQ, the United States usually applies a lower tariff rate to imports of an article up to a specified amount, known as the in-quota quantity, and another, higher rate to any imports in excess of that amount.

[127] The coarse-micron fabrics have an average fiber diameter greater than 18.5 microns and the fine-micron fabrics have an average fiber diameter of 18.5 microns or less (the lower the number, the finer the fiber).

[128] Title V of TDA 2000 authorizes the President to allocate the TRQ quantities among firms that manufacture men's and boys' worsted wool tailored clothing in the United States, based on the amount of worsted wool suits made in the prior calendar year. The President has delegated this authority to the Secretary of Commerce.

The 2004 act reduced the duty on the coarse-micron fabrics entered under the TRQ from 17.5 percent to 10 percent ad valorem and increased the TRQ in-quota quantity by 1 million SMEs to 5.5 million SMEs for each year from 2005 to 2007.[129] It extended the duty suspension on the fine-micron fabrics,[130] but replaced the TRQ for such fabrics, which permitted 3.5 million SMEs to enter free of duty, with two new TRQs that permit a total of 7.0 million SMEs to enter duty-free: a TRQ of 5.0 million SMEs for use by U.S. manufacturers of men's and boys' tailored clothing (heading 9902.51.15) and, for the first time, a TRQ of 2.0 million SMEs for use by U.S. producers of worsted wool fabrics (heading 9902.51.16). The act also repealed the authority of the President to modify the TRQ levels for 2005-07.

The 2004 act also extended and enhanced other benefits received by affected domestic industries. It established the Wool Apparel Manufacturers Trust Fund, which will be funded from duties collected on imports classified in HTS chapter 51 (wool fiber, yarn, and woven fabric).[131] Each tailored clothing manufacturer that receives a wool payment in 2005 will, if continuing in business, receive two more annual payments (in 2006 and in 2007) equal to the amount received in 2005. The act extended the Wool Research, Development, and Promotion Trust Fund for two more years, through 2008. This trust fund, which is funded up to $2.25 million annually, is intended to assist the sheep industry in improving the quality of wool produced in the United States, and in the development and promotion of U.S. wool. The 2004 act also authorizes the Secretary of Commerce to provide grants to domestic producers that made worsted wool fabrics during 1999-2001, for use in men's and boys' tailored clothing. The grants for each year from 2005-2007 total $2.666 million for producers of fine-micron fabrics and $2.666 million for producers of coarse-micron fabrics, allocated on the basis of each producer's share of domestic production of the specified fabrics during 1999-2001.

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[129] Under TDA 2000, the duty rate on coarse-micron fabrics under the TRQ was equal to the duty rate on men's worsted wool sport coats (17.5 percent) in order to temporarily remove a tariff inversion in which the duty had been higher on the fabric than on clothing made from such fabric. The 2004 legislation reduced the duty rate on the fabrics to 10 percent ad valorem, rather than have it tied to the duty rate on the sport coats.

[130] Senator Baucus has noted that a drafting error occurred in section 4002(a)(5) of the 2004 legislation, which mistakenly terminates the extension of duty reductions for the fine-micron wool fabrics at the end of 2006, rather than 2007. He urged Members of the 109th Congress to correct this technical error. See "Wool Trust Fund," *Congressional Record—Senate*, Nov. 20, 2004, p. S11798.

[131] In 2004, duties collected on imports classified in HTS chapter 51 totaled $25.2 million.

U.S. Textile and Apparel Imports in 2004[132]

U.S. imports of textiles and apparel in 2004 grew by 11 percent over the 2003 level to 46.9 billion SMEs (valued at $83.3 billion). The growth mainly reflected a substantial increase in imports from China, whose shipments rose by 41 percent to 11.7 billion SMEs ($14.6 billion). Imports from China increased by 67 percent in 2003 and 125 percent in 2002, the first full year that China became eligible for ATC quota liberalization. As a result, China's share of total U.S. textile and apparel imports by quantity rose to 25.0 percent in 2004 from 19.6 percent in 2003 and 13.0 percent in 2002. The increase in China's shipments in 2004, as in 2002 and 2003, was concentrated in goods that the United States had integrated into the GATT regime in the first three stages under the ATC. Imports of such goods from China rose by 48 percent in 2004 to 10.3 billion SMEs, while imports of goods from China that were integrated into the GATT regime on January 1, 2005 (i.e., still subject to quotas in 2004) rose by less than 1 percent to 1.3 billion SMEs. By contrast, imports of GATT-integrated and non-integrated goods from all other countries rose by 4 percent to 13.1 billion SMEs and 3 percent to 21.4 billion SMEs, respectively.

U.S. imports of textiles and apparel from NAFTA partners Mexico and Canada, the largest volume suppliers after China with a 15.7 percent import share by quantity, showed divergent trends in 2004. Imports from Mexico rebounded 4 percent to 4.1 billion SMEs ($7.8 billion), although they remained below their 2000 peak of 4.7 billion SMEs. Imports from Canada fell again in 2004, by 1 percent, to 3.3 billion SMEs ($3.1 billion); they peaked at 3.4 billion SMEs in 2002.

U.S. imports of textiles and apparel from other countries eligible for trade preferences (Andean, Caribbean Basin, and sub-Saharan African countries) increased in 2004. Imports from the Andean countries rose by 19 percent to 293 million SMEs ($1.4 billion), of which 73 percent, or 213 million SMEs, entered duty-free under ATPDEA. The majority of the ATPDEA-eligible imports consisted of apparel made from regional fabrics (186 million SMEs ($1.0 billion)). Imports from the Caribbean Basin countries rose by 3 percent to 4.2 billion SMEs ($10.0 billion), of which 68 percent, or 2.8 billion SMEs, entered duty-free under CBTPA. Imports of textiles and apparel from sub-Saharan African countries rose by 11 percent in 2004 to 459 million SMEs ($1.8 billion), of which 88 percent, or 404 million SMEs, entered duty-free under AGOA. Three-fourths of the sub-Saharan African shipments consisted of duty-free apparel made in LDBCs from third-country fabrics (344 million SMEs ($1.3 billion)).

[132] The data in this section were compiled from official statistics of the U.S. Department of Commerce, 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 quantity data (SMEs).

U.S. imports of textiles and apparel from Vietnam have greatly expanded since the United States granted Vietnam NTR status in December 2001 (NTR status made imports of Vietnamese goods eligible for much lower duty rates). Imports of Vietnamese textiles and apparel totaled 905 million SMEs ($2.7 billion) in 2004, representing a 9 percent increase over the 2003 level of 827 million SMEs ($2.5 billion), up substantially from the 2001 level of 33 million SMEs ($49 million). The growth in Vietnam's shipments slowed considerably in 2004, after the United States established quotas on Vietnamese textiles and apparel for the first time in May 2003. Among other major suppliers of textiles and apparel in 2004, increases of 10 percent or more occurred in the volume of imports from Pakistan, India, Indonesia, and Cambodia, while declines occurred in imports from Taiwan, Bangladesh, Turkey, Hong Kong, and the Philippines.

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

World Trade Organization

Doha Trade Negotiations in 2004

General Council Decision on the Doha Work Program

At the WTO General Council meeting on August 1, 2004, WTO members adopted a decision (also referred to as the "July Package") to refocus their attention on negotiations under the Doha Development Agenda.[1] Negotiations had lacked direction since the September 2003 WTO Ministerial Conference in Cancún, Mexico, where ministers were unsuccessful in reaching agreement on how to direct negotiators to advance the trade talks.[2]

The 2004 Decision addressed negotiations on agriculture; cotton; nonagricultural market access; development issues including principles concerning development, special and differential treatment, technical assistance, implementation, and the least developed countries; services; other negotiating bodies, including the groups negotiating rules, trade and environment, TRIPs, dispute settlement, and trade facilitation; the relationship between trade and investment, interaction between trade and competition policy, and transparency in government procurement (often collectively known as the "Singapore issues"); as well as other elements of the work program.[3]

The 2004 Decision included annexes setting out more detailed frameworks for the four following key areas, summarized below:

- Annex A—Framework for establishing modalities in agriculture,
- Annex B—Framework for establishing modalities in market access for nonagricultural products,

[1] WTO, *Doha Work Programme—Decision Adopted by the General Council on 1 August 2004*, WT/L/579, Aug. 2, 2004, found at *http://www.wto.org*, retrieved Nov. 30, 2004.

[2] WTO, "DDA July 2004 Package: Meeting Summary 31 July—Round-the-Clock Meetings Produce 'Historic' Breakthrough," press release, July 31, 2004.

[3] WTO, *Doha Work Programme—Decision Adopted by the General Council on 1 August 2004*.

- Annex C—Recommendations of the Special Session of the Council for Trade in Services, and

- Annex D—Modalities for negotiations on trade facilitation.[4]

Annex A—Framework for establishing modalities in agriculture

The framework in annex A addresses the three pillars of the agricultural negotiations: (1) domestic support, (2) export competition, and (3) market access. In addition, the framework addresses the subjects of the least developed countries, recently acceded members, monitoring and surveillance, as well as issues including sectoral initiatives (also dubbed "zero-for-zero" initiatives), differential export taxes, and geographical indications.

Domestic Support. To address domestic support, the members agreed in the framework to a tiered formula for overall reduction and the final bound total aggregate measurement of support (AMS).[5] Under such a harmonizing formula, members with higher levels of trade-distorting domestic support re to make greater overall reductions. The first year of implementation would provide domestic support not to exceed 80 percent of the base level, that is, a minimum 20 percent reduction in domestic support. Should other measures such as total AMS, de minimis reductions, or so-called blue box[6] payments indicate that deeper overall reductions are required, the 20 percent minimum reduction is not to be considered the "cap" or maximum for cuts in domestic support. Substantial reductions in product-specific support are to be agreed to prevent transfers of unchanged domestic support between different support categories. De minimis reductions also are to be made by a percentage to be agreed. Use of "blue box" support payments is to be permitted subject to certain rules. Blue box support is not to exceed 5 percent of a member's average total value of agricultural production over an historical period to be established. Use of "green box"[7] support payments is to be reviewed, clarified, and monitored to ensure that such measures have minimal or no trade-distorting effects on production.

Export Competition. The framework would provide for an agreed end date to eliminate export subsidies; export credits and guarantees over 180 days, and trade-distorting terms for such credits; trade-distorting practices in use by state trading enterprises; and food aid that displaces commercial shipments. Developing countries would have a longer period in which to phase out export subsidies.

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[4] Ibid.

[5] The AMS calculates how much trade-distorting support is provided to a member's agricultural sector per year, including price support provided through administered prices or through certain types of direct payments from governments.

[6] "Blue box" payments are direct payments under production-limiting programs or direct payments that require no production.

[7] "Green box" payments are support payments or subsidies expressly permitted by members that otherwise might be actionable under dispute settlement procedures.

Market Access. Tariff reductions are to be made through a tiered formula, whereby tariff reductions are to be made from bound rates; each member is to make a contribution (with the exception of the least developed countries); and tariff reductions are to be progressive—that is, higher tariffs will undergo deeper cuts, with flexibility for sensitive products. The number of bands, their thresholds, and reduction in each band remain under negotiation. Discussion continues as well on the role of a tariff cap in a tiered formula. Some most-favored-nation (MFN)-based tariff quota expansion will be required for all sensitive products. Tariff escalation is to be addressed through a formula to be agreed. The issue of tariff simplification remains under negotiation.

Proportionality as a form of special and differential treatment will be achieved by requiring lesser tariff reduction commitments from developing-country members. A special agricultural safeguard mechanism is to be established for developing-country members. Subsequently, in November 2004, WTO members established a subcommittee on cotton as part of the agriculture negotiating group to address the issues raised at the 2003 Cancún ministerial and earlier by four sub-Saharan African cotton producers (Benin, Burkina Faso, Chad, and Mali).[8]

Annex B—Framework for establishing modalities in market access for nonagricultural products

The framework in annex B recognizes that additional negotiations are required to reach agreement regarding the tariff cutting formula, the treatment of unbound tariffs, flexibility for developing-country participants, the sectoral tariff component under discussion, and nonreciprocal preferences for trade liberalization in nonagricultural products. The annex B framework includes bracketed text in several places that typically indicates a number that is illustrative or representative of the group's discussions, but not yet fully agreed.

Participants agree that negotiations on nonagricultural products aim to reduce or eliminate tariffs as appropriate. This reduction or elimination includes tariff peaks, high tariffs, tariff escalation, and nontariff barriers. The participants agree to follow a formula approach under which the negotiating group will continue work on a nonlinear formula applied on a line-by-line basis, which is to take full account of the special needs and interests of developing- and least-developed-country participants, including the principle of less-than-full reciprocity in reduction commitments for these countries.

Regarding the formula, the participants agree that (1) product coverage is to be comprehensive with no a priori exclusions; (2) tariff reductions are to start from bound rates or unbound rates from some percentage (e.g., two times) above the MFN applied rate in the base year; (3) the base year for MFN applied tariff rates is to be rates applicable as of November 21, 2001; (4) credit is to be given for autonomous

[8] WTO, "Agriculture Negotiations: Cotton Sub-Committee—Sub-Committee Set Up on Cotton," press release, Nov. 19, 2004.

liberalization by developing countries if the tariff lines have been bound on an MFN basis in the WTO since the conclusion of the Uruguay Round (that is, December 15, 1993); (5) all non-ad valorem duties are to be converted to ad valorem equivalents through a methodology to be determined, and then bound; (6) results of the negotiations are to be finalized in Harmonized System 2002 nomenclature; and (7) the reference period for import data is to be 1999-2001.

Participants with bindings covering less than some portion (e.g., 35 percent) of their nonagricultural tariff lines would be exempt from making tariff reductions through the formula, but they would be required to bind some portion (e.g., 100 percent) of their nonagricultural tariff lines at an average level not exceeding the average of developing countries' bound tariffs.

The negotiating group is to continue to pursue sectoral tariff initiatives (also known as reciprocal tariff elimination, or "zero-for-zero" initiatives). The group agrees to provide developing countries with flexibility for their tariff reductions, such as applying less-than-formula cuts to up to some portion (e.g., 10 percent) of the tariff lines if these lines do not exceed some portion (e.g., 10 percent) of a member's total import value, or follow other such approaches. The group framework includes other text and provisions to benefit the least-developed-country participants. Participants agree that the possibilities for supplementary modalities—such as zero-for-zero sectoral tariff elimination, sectoral harmonization, request and offer negotiations, etc.—should be kept open pending agreement of the core modalities for tariffs. The participants also agree to intensify their work on identifying, examining, and categorizing nontariff barriers.

Annex C—Recommendations of the special session of the Council for Trade in Services

The annex C framework directs members to submit their initial services offers as soon as possible, and to establish as soon as feasible a date for a round of revised offers. Members are to strive to make high-quality offers in particular in sectors and modes of supply of export interest to developing and least developed countries. Members are to aim for progressively higher levels of liberalization, with no a priori exclusion of any service sector or mode of supply. Negotiations on rulemaking are to continue under GATS Articles VI:4, X, XIII, and XV. The Special Session of the Council for Trade in Services is to present a review of progress to the Trade Negotiations Committee, including possible recommendations, at the WTO Sixth Ministerial Conference in Hong Kong in December 2005.

Annex D—Modalities for negotiations on trade facilitation

Annex D aims to address aspects of GATT Articles V, VIII, and X to help expedite the movement, release, and clearance of goods. Negotiations in this area also look to enhance technical assistance and support for capacity building. The framework is to take into account the principle of special and differential treatment for developing and least-developed countries, extending beyond traditional transition periods for implementation to include assistance to improve the implementation capacity of developing and least-developed-country members. International organizations, including the International Monetary Fund, Organization for Economic Cooperation and Development (OECD), United Nations Commission for Trade and Development (UNCTAD), World Customs Organization, and the World Bank are to be invited to collaborate in this effort.

In November 2004, the Negotiating Group on Trade Facilitation, also called for under Annex D, held its first meeting and adopted a work plan and meeting schedule. The plan addressed clarification and improvement of aspects of Articles V, VIII, and X of GATT 1994, which include the enhancement of technical assistance and support for capacity building; effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues; special and differential treatment for developing and least developed countries; identification of trade facilitation needs and priorities; concerns related to cost implications of proposed measures; and work with relevant international organizations.[9]

Developments during 2004

Following adoption of the Doha work program decision on August 1, 2004, participants turned to developing these elements into a coherent package and determining an appropriate timeframe. In late 2004 and into 2005, trade and economic ministers met in a number of forums to discuss the next steps in the Doha Development Agenda (DDA).[10] At these meetings, participants confirmed a high degree of commitment to achieve substantial progress by the WTO Sixth Ministerial Conference—scheduled for the end of 2005 in Hong Kong, China—so as to be in position to conclude the Doha negotiations in 2006.[11]

Since the March 2005 "mini-ministerial" held in Nairobi, Kenya to discuss progress in the DDA, negotiators have focused on agriculture in pursuing a methodology to calculate ad valorem equivalents for specific duties that currently exist in national tariff schedules.[12] According to the U.S. Department of State, the view at the Nairobi meeting was that the next step was to gather the necessary data to begin developing

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[9] WTO, "WTO launches negotiations on trade facilitation," press release, Nov. 15, 2004.

[10] Such meetings included the Sixteenth APEC Ministerial Meeting, held in Santiago, Chile, November 17-18, 2004; the World Economic Forum, held in Davos, Switzerland, January 26-30, 2005; an informal meeting or "mini-ministerial" of trade ministers to discuss the Doha Round, held in Nairobi, Kenya, March 3-4, 2005, in addition to regular formal and informal meetings of the DDA Trade Negotiations Committee in February, March, and April 2005. U.S. Department of State, "Kenyan-Hosted Informal Meeting of Trade Ministers on the Doha Round," prepared by U.S. Secretary of State, Washington D.C., message reference No. 41121, Mar. 9, 2005.

[11] U.S. Department of State, "Meeting of the WTO Trade Negotiations Committee (TNC), February 14, 2005," prepared by U.S. Mission, Geneva, message reference No. 556, Mar. 2, 2005; WTO, Trade Negotiations Committee, "Minutes of Meeting—Held in the Centre William Rappard on 14 February 2005," TN/C/M/16, Apr. 21, 2005; U.S. Department of State, "Senior Officials Meeting on the WTO and the DDA," prepared by U.S. Mission, Geneva, message reference No. 471, Feb. 22, 2005.

[12] U.S. Department of State, "Kenyan-Hosted Informal Meeting of Trade Ministers on the Doha Round."

tariff cutting formula. A second agricultural issue of note concerned cotton, which participants at the meeting recognized will require serious efforts regarding the issue's trade and development aspects. In nonagricultural market access talks, negotiators focused on pursuing a nonlinear formula for tariff reductions that would provide developing countries with room for flexibility but be sufficiently ambitious to reduce tariffs.[13]

For services, ministers recognized that more and higher quality services offers needed to be made and revised during 2005, in particular with increased attention to developing countries' interest in services supply mode 4 (movement of personnel). The negotiating group chair noted that 47 participants of a total of 148 WTO Members had not made offers as of February 2005.[14]

On development issues, it was reported that developing countries appeared increasingly aware that the practical gains from the DDA trade negotiations are likely to result from the main areas under negotiation—such as agricultural and nonagricultural market access, services, and trade facilitation—rather than from more theoretical discussion of development issues and special and differential treatment provisions.[15] The least developed countries, however, reportedly look to further progress on the Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries by the time of the Hong Kong ministerial.[16]

Regarding negotiations on geographical indications, it was reported that some countries still pressed to extend the current negotiations beyond the present mandate of a registry for wines and spirits, while others argued that no extension is appropriate in the agriculture talks.[17] The WTO Director-General has indicated that geographical indications may instead be an issue for negotiation under the Agreement on Trade-Related Aspects of Intellectual Property Rights.[18] Concerning trade facilitation, ministers stated that there did not appear to be any major obstacles to reaching agreement by the Hong Kong ministerial. Regarding negotiations over WTO rules, several countries made clear their expectations that work on antidumping rules should progress in the same manner as work on agricultural and nonagricultural market access, with some countries looking to move from a clarification phase to a phase based on text. There was little discussion on other rules-related issues—such as more transparent and effective review of regional trade agreements or the elimination of fish subsidies—at the Nairobi meeting.[19]

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[13] Ibid.

[14] U.S. Department of State, "Meeting of the WTO Trade Negotiations Committee (TNC), February 14, 2005."

[15] U.S. Department of State, "Kenyan-Hosted Informal Meeting of Trade Ministers on the Doha Round."

[16] Ibid.

[17] Ibid.

[18] Ibid.

[19] Ibid.

Regular Activities

WTO Director-General

The term for the Director-General of the World Trade Organization, Dr. Supachai Panitchpakdi, expires on August 31, 2005.[20] On May 26, 2005, WTO Members chose Pascal Lamy to be the fifth WTO Director-General, whose 4-year term is to run from September 1, 2005 through August 31, 2009.[21]

Membership

In 2004, WTO membership increased to 148 with the accession of Nepal and Cambodia, in April and October, respectively. Nepal and Cambodia are the first least developed country members to complete the full WTO accession process. Another 31 countries remain as observers, in various stages of accession to the WTO. They are Afghanistan, Algeria, Andorra, Azerbaijan, the Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Cape Verde, Ethiopia, Equatorial Guinea, Iraq, Kazakhstan, Laos, Lebanon, Libya, Russia, Samoa, São Tomé and Principe, Saudi Arabia, Serbia and Montenegro, Seychelles, Sudan, Tajikistan, Tonga, Ukraine, Uzbekistan, Vanuatu, the Vatican (Holy See), Vietnam, and Yemen. Tables 3-1 and 3-2 provide a list of WTO Members and Observers in 2004.

Dispute Settlement

Twenty requests for WTO dispute settlement consultations were initiated in 2004, according to the WTO (table 3-3). The United States was a complainant in five of these requests, and a respondent to seven consultations (25 and 35 percent of the new disputes, respectively). The European Union, typically another major trader frequently involved in WTO dispute-settlement cases, was a complainant in five new cases, and a respondent in four (25 and 20 percent of new disputes, respectively).

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[20] Following which Dr. Supachai is to assume the post of Secretary General of the UNCTAD on Sept. 1, 2005. WTO, “Director-General Candidates,” press release, Press/393, Jan. 4, 2005.

[21] WTO, “WTO Members Choose Lamy as Organization’s 5th Director-General,” press release, Press/407, May 26, 2005.

Table 3-1
WTO membership as of December 31, 2004 (148)

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

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

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

Table 3-2
WTO observers as of December 31, 2004 (31)

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

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

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

Organization for Economic Cooperation and Development

OECD Trade Committee

In 2004, the OECD Trade Committee met in February, April, and October for its 138th, 139th, and 140th sessions. At its February meeting, the committee held informal consultations with the Trade Union Advisory Council and discussed the state-of-play in the WTO Doha multilateral trade negotiations. The committee prepared for its annual trade policy message to OECD ministers for the OECD Council ministerial meeting held in May 2004 by reviewing the current developments in international trade and trade policy.[22] The committee considered the results of the June 2004 UNCTAD XI meeting, which focused on enhancing the development of national development strategiesand of global economic processes toward generating economic growth and development, particularly in developing countries. The committee also debated recent work by the Secretariat regarding environmentally harmful subsidies.[23]

At its April meeting, the committee reviewed its trade policy message to OECD ministers for the May ministerial council meeting, and dealt with matters concerning its draft program of work and budget for 2005-06.[24] Members agreed that the priority would continue to be the support of the WTO negotiations through objective and high-quality analysis. There was also broad agreement on several areas that were likely to continue to receive particular attention, including the costs and benefits of trade liberalization in goods and services; the costs and benefits of structural adjustment; the

[22] OECD, *Summary Record of the 138th Session of the Trade Committee—17-18 February 2004*, TD/TC/M(2004)2/PROV, May 10, 2004.

[23] UNCTAD, *UNCTAD XI—The Spirit of São Paulo*, TD/L.382, June 17, 2004.

[24] OECD, *Summary Record of the 139th Session of the Trade Committee—13 April 2004*, TD/TC/M(2004)4/FINAL, Oct. 27, 2004.

Table 3-3
WTO dispute-settlement consultations requested in 2004

	Case No.	Complainant	Respondent	Case	Date when consultations requested
1	DS305	United States	Egypt	Measures affecting imports of textile and apparel products	Jan. 6, 2004
2	DS306	Bangladesh	India	Antidumping measure on batteries from Bangladesh	Feb. 2, 2004
3	DS307	Korea	EC	Aid for commercial vessels	Feb. 19, 2004
4	DS308	United States	Mexico	Tax measures on softDrinks and other beverages	Mar. 18, 2004
5	DS309	United States	China	Value-added tax on integrated circuits	Mar. 23, 2004
6	DS310	Canada	United States	Determination of the International Trade Commission in hard red spring wheat from Canada	Apr. 15, 2004
7	DS311	Canada	United States	Reviews of countervailingDuty on softwood lumber from Canada	Apr. 19, 2004
8	DS312	Indonesia	Korea	Antidumping Duties on imports of certain paper from Indonesia	June 10, 2004
9	DS313	India	EC	Antidumping Duties on certain flat rolled iron or non-alloy steel products from India	Aug. 7, 2004
10	DS314	EC	Mexico	Provisional countervailing measures on olive oil from the European Communities	Aug. 24, 2004
11	DS315	United States	EC	Selected customs matters	Sept. 27, 2004
12	DS316	United States	EC and certain Member States	Measures affecting trade in large civil aircraft	Oct. 12, 2004
13	DS317	EC	United States	Measures affecting trade in large civil aircraft	Oct. 12, 2004
14	DS318	Chinese Taipei[1]	India	Antidumping measures on certain products from the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu	Nov. 1, 2004
15	DS319	EC	United States	Section 776 of the Tariff Act of 1930	Nov. 9, 2004
16	DS320	EC	United States	Continued suspension of obligations in the EC concerning the meat hormonesDispute (DS26)	Nov. 10, 2004
17	DS321	EC	Canada	Continued suspension of obligations in the EC concerning the meat hormonesDispute (DS48)	Nov. 10, 2004
18	DS322	Japan	United States	Measures relating to zeroing and sunset reviews	Nov. 29, 2004
19	DS323	Korea	Japan	Import quotas onDried laver and seasoned laver	Dec. 3, 2004
20	DS324	Thailand	United States	Provisional antidumping measures on shrimp from Thailand	Dec. 14, 2004

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

Source: WTO website, "Dispute Settlement: The Disputes—Disputes, chronologically—2004," found at *http://www.wto.org/english/tratop_e/dispu_e/dispu_status_e.htm#2004*, retrieved Feb. 23, 2005.

development dimension of the latter two issues, in particular trade, investment, and adjustment taking place among developing countries (so-called South-South trade); special and differential treatment; and outreach to non-members. In addition, the committee heard a number of other business items including a proposed project on transatlantic economic cooperation, as well as trade and structural adjustment, and business concerning a meeting of the chairs of the OECD committees responsible for trade, investment, agriculture, competition policy, and development assistance.[25]

At its October meeting, the committee heard from the Secretariat about ongoing work on a number of projects.[26] Work in progress included projects on the following: trade and structural adjustment, structural adjustment in textiles and clothing, regulatory reform, analysis of nontariff measures, trade facilitation, the potential economic impact of trade preference erosion, checklists for the services sector, public services, a meeting among services experts, education services, trade in services in Southeast Europe, trade in services in transition economies, trade policy dialogue with transition economies, trade and agriculture, trade and competition, and trade and investment.[27]

The committee also discussed the OECD project on trade and structural adjustment. The project aims to identify policy implications when trade policy emerges as a key element of structural adjustment for both developed and developing countries. Based on studies of eight sectors—agriculture, fisheries, textiles, steel, shipbuilding, motor vehicles, health services, and business process outsourcing—trade barriers were shown to be ineffective in avoiding the need for adjustment or in facilitating the adjustment process in all of the sectors, whereas an open trade environment fostered competitiveness, improved access to inputs, and stimulated exports, thus complementing the adjustment process.[28]

The committee also sponsored a regional forum on trade in October 2004 in Maseru, Lesotho; and a global forum on trade in November 2004 in Bangkok, Thailand. In addition, the participants in the OECD Arrangement on Officially Supported Export Credits, and in the Working Party on Export Credits and Credit Guarantees, considered a number of aspects regarding official export credits including premiums for official export credits, tied versus untied aid, export credits in the aircraft sector, credits affecting the environment, and how to combat bribery.[29]

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[25] Ibid.

[26] OECD, *140th Session of the Trade Committee—Draft Agenda—18 and 20 October 2004*, TD/TC/A(2004)6/PROV, Oct. 1, 2004.

[27] OECD, *140th Session of the Trade Committee—Work in Progress—18 and 20 October 2004*, TD/TC/RD(2004)6, Oct. 8, 2004.

[28] Ibid.

[29] Ibid.

Steel Subsidy Negotiations

In June 2001, the United States launched a multilateral initiative to help restore market forces to world steel markets through negotiations with trading partners aimed at eliminating inefficient excess capacity in the steel industry worldwide.[30] The first high level meeting on steel was convened in September 2001 at the OECD in Paris, attended by representatives from governments and industry representatives of most of the major steel-producing economies.[31] Participants agreed that overcapacity and associated production was a problem of global nature, and concurred that efforts needed to be made to facilitate the reduction and closure of inefficient capacity. Participants held several further high level meetings, establishing a Disciplines Study Group and a Capacity Working Group in February 2002. The High Level Group (HLG) on Steel instructed the Disciplines Study Group to: (1) compile an inventory of government measures and industry practices that distort steel markets; (2) assess how the multilateral disciplines relating to these measures and practices were operating in the case of steel; and (3) develop options for strengthening existing disciplines.[32]

Meeting in December 2002, the participants in the HLG agreed to continue their peer review of steel capacity developments and industry restructuring, instructed the Capacity Working Group to evaluate options for facilitating plant closures, and debated the development of possible disciplines.[33] Participants noted two areas of major concern regarding disciplines: (1) subsidies and related government supports, and (2) trade remedies. The HLG instructed the Disciplines Study Group to develop elements of an agreement for reducing or eliminating trade-distorting subsidies in steel. The HLG also agreed to consider at a later stage voluntary commitments to refrain from introducing new subsidy programs to maintain or enhance capacity.[34]

By April 2004, the Disciplines Study Group had drafted a negotiating text containing a range of options entitled "Elements of an Agreement to Reduce or Eliminate Trade-Distorting Subsidies in Steel,"[35] shown in table 3-4. The HLG chairman stated

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[30] White House, "Statement by the President Regarding a Multilateral Initiative on Steel," press release, June 5, 2001.

[31] Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chinese Taipei, Czech Republic, Finland, France, Germany, Greece, Hungary, India, Italy, Japan, Kazakhstan, Korea, Luxembourg, Mexico, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, Ukraine, United Kingdom, United States, as well as the European Commission. OECD, "High Level Meeting on Steel," press release, PAC/COM/NEWS(2001)77, Paris, Sept. 18, 2001.

[32] OECD, Directorate for Science, Technology and Industry, "Report to the High Level Group by the Chairman of the Disciplines Study Group," SG/STEEL(2002)24, Special Meeting at High-Level on Steel Issues, Sept. 12-13, 2002.

[33] OECD, "OECD High Level Meeting on Steel: Progress Made on Cutting Subsidies, Overcapacity," press release, PAC/COM/NEWS(2002)105, Paris, Dec. 19, 2002.

[34] Ibid.

[35] OECD, Directorate for Science, Technology and Industry, "Elements of an Agreement to Reduce or Eliminate Trade-distorting Subsidies in Steel—Draft Text—Complete Agreement," SG/STEEL(2004)4, Special Meeting at High-Level on Steel Issues, May 12, 2004.

Table 3-4
Draft OECD Text of Elements of an Agreement to Reduce or Eliminate Trade-distorting Subsidies in Steel, April 2004

Preamble
Part I: General Provision
- Article 1 - Scope

Part II: Prohibited Subsidies and Exceptions
- Article 2 - Prohibited Subsidies
- Article 3 - Exceptions

Part III: [Preferential Treatment/Developing Economies] and Economies in Transition
- Article 4 - [Preferential Treatment/Developing Economies] [And Economies in Transition]
- [Article 5] - [unagreed]

Part IV: Notification and Surveillance
- Article 6 - Committee on Steel
- Article 7 - Notifications and Requests for Information
- Article 8 - Review of Measures

Part V: Remedies and Countervailing Measures
- Article 9 - Dispute Settlement and Remedies
- Article 10 - [Antidumping And] Countervailing Measures

Part VI: Transitional Measures
- Article 11 - Existing Measures

Part VII: Final Clauses
- Article 12 - Reservations
- Article 13 - Review of Agreement
- Article 14 - Signature, Acceptance and Accession
- Article 15 - Entry into Force
- Article 16 - Withdrawal
- Article 17 - Transition to the WTO
- Article 18 - Other Final Provision(s)
- Article 19 - Depositary

Note.—Brackets indicate unagreed language.

Source: OECD.

that further drafting by the Disciplines Study Group was unlikely to be productive given the important differences over key areas among parties, and that such differences would need to be resolved at the political level before further progress could be made toward a steel subsidies agreement.[36]

The parties held a further high level meeting on steel June 28-29, 2004.[37] Although they reaffirmed their commitment to stronger subsidy disciplines in the global steel sector, negotiations effectively remained at an impasse in particular over the nature of any exceptions to the overall subsidies prohibition, special and differential treatment for developing countries, and whether any excepted subsidies should continue to be countervailable under national trade remedy laws.[38] Participants decided to shift the focus of their talks to bilateral and plurilateral consultations in an effort to bridge their differences on key issues.[39]

[36] OECD, Directorate for Science, Technology and Industry, "OECD Special Meeting at High-Level on Steel Issues—Draft Agenda," SG/STEEL/A(2004)4/REV1, June 9, 2004.

[37] OECD, Directorate for Science, Technology and Industry, "Ideas for Advancing the Steel Subsidy Talks," June 15, 2004, Special Meeting at High-Level on Steel Issues, June 28-29, 2004.

[38] USTR, "Other Multilateral Activities—Steel Policy," *The President's 2004 Annual Report on the Trade Agreements Program*, March 2005, p. 251.

[39] Ibid.

The Asia-Pacific Economic Cooperation (APEC) forum was established in 1989 as an informal dialogue group among governments of the countries bordering the Pacific Rim basin. The major purpose of APEC is to facilitate economic growth, cooperation, trade, and investment in the Asia-Pacific region. APEC promotes economic dynamism and a sense of community in the region. APEC decisions are made on the basis of consensus and commitments are undertaken voluntarily.[40] APEC leaders meet annually to provide direction to the organization in the form of action-oriented work programs that support APEC's goals. APEC Ministers also meet to define the work programs for APEC's Committees, Working Groups, Senior Officials Meetings, and Special Task Groups.[41]

There were 21 member economies in APEC in 2004: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States of America; and Vietnam.[42] In 2004, Chile hosted the APEC annual meetings and served as APEC chair. Future APEC meetings will be held in Korea in 2005, Vietnam in 2006, Australia in 2007, Peru in 2008, and Singapore in 2009.[43]

At the 2004 APEC Ministerial held on November 17-18, 2004 in Santiago, Chile, Ministers addressed issues such as trade, security, transparency, anti-corruption, human resource development, health, the knowledge-based economy, and sustainable development. Ministers reaffirmed their commitments to achieving the Bogor Declaration goals of free and open trade and investment by 2010.[44] With regard to the WTO, APEC Ministers endorsed the "July Package" agreement outlining the framework for talks[45] adopted by the WTO General Council on August 1, 2004, and stressed their commitment to moving the WTO Doha Round trade negotiations forward. APEC Ministers stressed the importance of agricultural reform,[46] confirmed

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[40] For background information on APEC, see USITC, *The Year in Trade: OTAP, 1994*, USITC publication 2894, pp. 35-39.

[41] APEC, "APEC Groups," found at *http://apec.org/apec/apec_groups.html*, retrieved Nov. 25, 2004. APEC has established four committees: Committee on Trade and Investment, Economic Committee, Committee on Economic and Technical Cooperation and Budget and Management Committee.

[42] APEC Secretariat, "Member Economies," found at *http://www.apecsec.org.sg*, retrieved June 6, 2004.

[43] Ibid.

[44] At their 1994 meeting in Bogor, Indonesia, the APEC leaders set the goals of "free and open trade and investment in the Asia-Pacific region by 2010 for developed economies and 2020 for developing economies." For additional information on the Bogor Declaration, see USITC, *The Year in Trade, OTAP, 1995*, USITC publication 2971, pp. 36-38 and USITC, *The Year in Trade, OTAP, 1994*, USITC publication 2894, pp. 35-39.

[45] The "July Package" is described in the section on the WTO above.

[46] In June, APEC Senior Officials issued a strong statement in support of the Doha negotiations, recognizing that progress on agricultural reform was lagging. U.S. Department of State, telegram, "APEC Trade Ministers Take Specific Position on Doha Negotiations," message reference No. 212220Z, prepared by U.S. Department of State, Geneva, July 21, 2004.

the need for substantially improved market access for nonagricultural goods, noted the growing importance of services trade, requested that all members submit improved offers by May 2005, and reaffirmed the importance of clarifying, strengthening and improving WTO rules.[47] APEC Ministers welcomed the launching of trade facilitation negotiations, and agreed to work together to advance the talks in the WTO. They also called for the prompt conclusion of accession negotiations for Russia and Vietnam.[48] With respect to other topics, the APEC Ministers:

- Endorsed "APEC Best Practices for Regional Trade Arrangements and Free Trade Agreements (RTAs/FTAs)."

- Approved a new Individual Action Plan reporting template to enhance transparency and enable member economies to share information on their RTAs/FTAs, beginning in 2005.[49]

- Commended and endorsed the 2004 Committee on Trade and Investment "Annual Report on APEC's Trade and Investment Liberalization and Facilitation," including the Collective Action Plans.[50]

- Agreed on a list of three information technology products—multi-chip integrated circuits, digital multifunctional machines, and modems—to forward to the WTO for possible tariff elimination.

- Recognized that corruption is one of the most serious threats to good governance and the development of economies. APEC Ministers commended the success of the APEC Anti-Corruption Experts Meeting held in Santiago, Chile.

- Recognized the importance of the development of effective privacy protections and avoiding barriers to information flows in the area of electronic commerce.[51]

Other topics addressed by APEC Ministers included economic and technical cooperation and capacity building; counter-terrorism and securing trade flows; energy security, particularly the impact of higher oil prices on APEC economies; macroeconomic issues; and ways to promote sustainable growth in the region.[52]

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[47] APEC, "Sixteenth APEC Ministerial Meeting, Joint Statement," Santiago, Chile, Nov. 17-18, 2004.
[48] Ibid.
[49] For information on the IAPs, see USITC, *The Year in Trade: OTAP, 1995*, USITC publication 2971, August 1996, pp. 37-38.
[50] For information on the CAPS, see USITC, *The Year in Trade: OTAP, 1996*, USITC publication 3024, April 1997, pp. 75-78.
[51] APEC, "12th APEC Economic Leaders' Meeting," Santiago Declaration, Santiago, Chile, Nov. 20-21, 2004.
[52] Ibid.

Following the APEC Ministerial, APEC leaders met and issued a declaration that reaffirmed the primacy of the multilateral trading system and welcomed the July Package adopted by the WTO concerning the Doha multilateral trade negotiations. APEC leaders agreed to work with a "renewed sense of urgency" to achieve a balanced outcome that respects flexibility and takes into account the principles of special and differential treatment.[53] While APEC leaders agreed that RTAs and FTAs played a constructive role in accelerating liberalization in the region, they did not agree to an APEC business proposal to conduct a study of the feasibility study of a Free Trade Area of the Asia-Pacific region.[54]

APEC leaders also launched the Santiago Initiative for Expanded Trade in APEC, which is to focus on capacity-building as a complement to achieving free and open trade in the region. The Initiative has two major parts: (1) trade and investment liberalization, and (2) trade facilitation. Under this Initiative, APEC Ministers are to recommend steps to further liberalize trade and investment in the region and to continue working to reduce business transaction costs during 2005.[55]

In the area of security, APEC leaders encouraged their members to take measurable steps toward the ratification and implementation of all basic universal antiterrorist conventions. They welcomed the security-related measures adopted by APEC in 2004, including steps to advance compliance with the International Maritime Organization's new ship and port security standards through cooperative effort, financial contributions to the Asian Development Bank's Regional Trade and Financial Security Initiative, and efforts to strengthen the public health system to respond to regional health threats.[56]

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[53] Ibid.

[54] "APEC Members Focus on WTO, FTAs Rather than Regional Trade Goals," *International Trade Daily*, Nov. 23, 2004.

[55] APEC, "12th APEC Economic Leaders' Meeting," Santiago Declaration, Santiago, Chile, Nov. 20-21, 2004.

[56] Ibid.

CHAPTER 4
U.S. Free Trade Agreements

The United States participated in five free trade agreements (FTAs) as of December 31, 2004.[1] The U.S.-Chile FTA and the U.S.-Singapore FTA entered into force on January 1, 2004. Negotiations for the U.S.-Australia FTA were completed in 2004, and the FTA entered into force on January 1, 2005. The United States completed negotiations for FTAs with Bahrain, Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic, and Morocco during 2004, but those FTAs did not enter into force during 2004.

The United States conducted—but did not complete—FTA negotiations with a number of other countries during 2004. Following the President's notification to Congress, the United States initiated FTA negotiations with the Andean countries (Colombia, Ecuador, and Peru, with Bolivia as an observer), Panama, and Thailand. The United States also continued to participate in negotiations begun before 2004 with countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas (FTAA), and remained engaged in FTA negotiations with the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland). Also during 2004, the President notified Congress of his intention to begin FTA negotiations with Oman and the United Arab Emirates (UAE). Table 4-1 summarizes the status of U.S. FTA negotiations as of December 31, 2004.

FTA Negotiations During 2004

U.S.-Australia Free Trade Agreement

The U.S.-Australia FTA is the first FTA between the United States and a developed country since the 1988 U.S.-Canada FTA. In 2004, U.S. exports to Australia totaled \$13.5 billion, and U.S. imports were valued at \$7.6 billion, making Australia the 13th largest U.S. export market for goods, and 30th largest source of imports. Leading U.S. exports to Australia in 2004 included aircraft and aircraft parts, trucks and truck parts, passenger vehicles and vehicle parts, scientific and medical equipment, and fertilizer. Leading U.S. imports from Australia in 2004 included meats, wine, motor vehicles and vehicle parts, petroleum, aluminum, sweaters, nickel, and iron.[2]

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[1] Those agreements were: the U.S.-Israel FTA (1985), the North American Free Trade Agreement (1994), the U.S.-Jordan FTA (2000), the U.S.-Chile FTA (2004), and the U.S.-Singapore FTA (2004).
[2] USITC Data Web.

Table 4-1
Status of U.S. free trade agreement (FTA) negotiations as of December 31, 2004

FTA partner(s)	Negotiations started	Negotiations concluded	Agreement signed
Australia[1]	Mar. 19, 2003	Feb. 8, 2004	Aug. 3, 2004
Bahrain	Jan. 26, 2004	May 27, 2004	Sept. 14, 2004
Central America and the Dominican Republic:			
El Salvador, Guatemala, Honduras, and Nicaragua	Jan. 8, 2003	Dec. 17, 2003	May 28, 2004
Costa Rica	Jan. 8, 2003	Jan. 25, 2004	May 28, 2004
Dominican Republic[2]	Jan. 14, 2004	Mar. 15, 2004	Aug. 5, 2004
Morocco	Jan. 21, 2003	Mar. 2, 2004	June 15, 2004
Andean countries			
Colombia, Ecuador, and Peru[3]	May 18, 2004	Ongoing	
Free Trade Area of the Americas (FTAA)[4]	Apr. 18, 1998	Ongoing	
Panama	Apr. 26, 2004	Ongoing	
South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland)	June 2, 2003	Ongoing	
Thailand	June 28, 2004	Ongoing	

[1] The U.S.-Australia FTA entered into force on Jan. 1, 2005.
[2] The Dominican Republic was integrated into the FTA with the Central American countries on Aug. 5, 2004.
[3] Bolivia is expected to join the Andean FTA at a later date.
[4] FTAA includes Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent and the Grenadines, St. Lucia, St. Kitts and Nevis, Suriname, Trinidad and Tobago, Uruguay and Venezuela.

Source: USTR, various press releases, found at *http://www.USTR.gov*.

The negotiations for the U.S.-Australia FTA were completed on February 8, 2004. The Commission's report on the FTA, in accordance with section 2104(f) of the Trade Act of 2002, was published in May 2004.[3] USTR Robert Zoellick and Australian Trade Minister Mark Vaile signed the FTA on May 18, 2004.[4] President Bush signed U.S. implementing legislation on August 3, 2004, and the U.S.-Australia FTA entered into force on January 1, 2005.[5]

Upon its entry into force, the FTA eliminated more than 99 percent of tariffs on industrial and consumer goods traded between the two countries. Industrial and consumer goods account for 93 percent of the total value of U.S. goods exports to Australia; remaining duties are to be phased out over a period of up to 10 years. The FTA also eliminated duties on all U.S. agricultural exports to Australia, providing expanded export opportunities for a range of U.S. agricultural goods. U.S. duties on

[3] USITC, *U.S.-Australia Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-11, USITC publication 3697, May 2004.
[4] USTR, "Landmark U.S.-Australian Free Trade Agreement Goes into Effect Today,"Jan. 1, 2005, found at *http://www.ustr.gov*, retrieved Mar. 8, 2005.
[5] USTR, "Landmark U.S.-Australia Free Trade Agreement Goes into Effect Today," press release, Jan. 1, 2005.

most U.S. agricultural imports from Australia are to be phased out over periods of 4 to 18 years. Duties will be maintained on sugar and certain dairy products. In addition, for certain horticultural products, the FTA includes other mechanisms, such as preferential TRQs and safeguards. The FTA also establishes a new forum for scientific cooperation between the two countries to resolve specific bilateral animal and plant health matters.[6]

Under the FTA, Australia is to accord substantial access to U.S. service suppliers, including in the advertising, asset management, audio-visual, computer and related services, education and training, energy, express delivery, financial services, professional services, telecommunications, and tourism sectors.[7] With respect to government procurement, U.S. suppliers are granted non-discriminatory rights to bid on contracts to supply Australian government entities, including all major procuring entities and administrative and public bodies.[8] The FTA also provides that digital products—including software, music, video, and text—receive nondiscriminatory treatment and makes permanent the current practice of not subjecting such transmissions to customs duties. This is the first U.S. FTA to include provisions on facilitating authentication of electronic signatures, encouraging paperless trade, and establishing a program for cooperation on other e-commerce issues. The FTA also establishes strong penalties for piracy and counterfeiting and requires both the United States and Australia to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them.[9]

U.S.-Bahrain Free Trade Agreement

The United States and Bahrain began FTA negotiations on January 26, 2004. Negotiations were completed on May 27, 2004. The Commission's report on the FTA, in accordance with section 2104(f) of the Trade Act of 2002, was published in September 2004.[10] The U.S.-Bahrain FTA was signed on September 14, 2004.[11] In 2004, U.S. exports to Bahrain totaled $278 million, and U.S. imports were valued at $406 million. Leading U.S. exports to Bahrain in 2004 included passenger motor vehicles and vehicle parts, aircraft and aircraft parts, and parts for equipment used in metallurgy and metal foundries. Leading U.S. imports from Bahrain in 2004 included women's and men's cotton trousers, petroleum, aluminum plates and sheets, and methanol.

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[6] USTR, "U.S.-Australia FTA: Summary of the Agreement," fact sheet, July 15, 2004, found at *http://www.ustr.gov*, retrieved June 1, 2005.

[7] Ibid.

[8] Ibid.

[9] Ibid.

[10] USITC, *U.S.-Bahrain Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-15, USITC publication 3726, May 2004.

[11] USTR, "U.S. and Bahrain Conclude Free Trade Agreement," press release, May 27, 2004, and USTR, "United States and Bahrain Sign Free Trade Agreement," press release, Sept. 14, 2004.

Under the FTA, Bahrain is to provide immediate duty-free access for U.S. agricultural exports in 98 percent of agricultural tariff lines and is to phase out all remaining tariffs within ten years. The United States agreed to provide immediate duty-free access to 100 percent of Bahrain's current exports of consumer, industrial, and agricultural products to the United States. Trade in textiles and apparel is to be duty-free immediately; the FTA requires that qualifying textiles and apparel contain either U.S. or Bahraini yarn and fabric. The FTA contains a temporary transitional allowance for textiles and apparel that do not meet these requirements.

Key service sectors covered by the FTA include audiovisual, express delivery, telecommunications, computer and related services, distribution, healthcare, services incidental to mining, construction, architecture, and engineering. Bahrain agreed to give U.S. financial service suppliers the right to establish subsidiaries, branches and joint ventures; to allow access for non-life medical insurance; to allow U.S.-based firms to supply insurance on a cross-border basis (through electronic means) for key markets including reinsurance, reinsurance brokerage, and marine, aviation, and transportation insurance; to revise its insurance laws and regulations; and to allow U.S.-based firms to offer cross-border financial information, data processing, and financial advisory services.

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

The United States completed FTA negotiations with El Salvador, Guatemala, Honduras, and Nicaragua on December 17, 2003; at that time, USTR announced that negotiations with Costa Rica were ongoing, and that negotiations would be launched with the Dominican Republic with the goal of integrating that country into the FTA with the Central American countries. Negotiations with Costa Rica were completed on January 25, 2004. Following the President's notification to Congress of the intention to enter into an FTA, the United States signed an FTA with the five Central American countries on May 28, 2004.[12] Negotiations with the Dominican Republic were completed on March 15, 2004. The FTA with the Dominican Republic was signed on August 5, 2004, integrating that country into the FTA with the Central American countries.[13] The Commission's report on the FTA with Central America and the Dominican Republic, in accordance with section 2104(f) of the Trade Act of 2002, was published in August 2004.[14]

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[12] USTR, "United States and Central America Sign Historic Free Trade Agreement," press release, May 28, 2004.

[13] USTR, "U.S., Central American Nations to Sign Free Trade Agreement," press release, May 13, 2004.

[14] USITC, *U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-13, USITC publication 3717, August 2004.

In 2004, U.S. exports to the five Central American countries and the Dominican Republic totaled $15.0 billion, and U.S. imports were valued at $17.7 billion. Leading U.S. exports included electronic integrated circuits, petroleum, corn, dyed knitted or crocheted cotton fabrics, and wheat. Leading U.S. imports included cotton sweaters, pullovers, and sweatshirts; cotton t-shirts; men's and women's cotton trousers; bananas; electronic integrated circuits; and coffee.[15]

Upon implementation, the FTA with Central America and the Dominican Republic is to eliminate tariffs on more than 80 percent of U.S. exports of consumer and industrial products, phasing out the rest over 10 years with tariffs on U.S. autos and auto parts to be phased out within 5 years.[16] More than 80 percent of U.S. imports from the Central American countries and the Dominican Republic already enter the United States duty free under the Generalized System of Preferences and the Caribbean Basin Economic Recovery Act;[17] approximately 99 percent of agricultural imports from the six countries enter the United States duty free. The FTA will provide reciprocal access for U.S. products and services and will not be subject to periodic renewal.[18]

U.S.-Morocco Free Trade Agreement

The United States and Morocco concluded FTA negotiations on March 2, 2004. The Commission's report on the FTA, in accordance with section 2104(f) of the Trade Act of 2002, was published in June 2004.[19] USTR Robert Zoellick and Minister Delegate of Foreign Affairs and Cooperation Taib Fassi-Fihri signed the U.S.-Morocco FTA on June 15, 2004.[20] The U.S. Congress subsequently enacted legislation approving and implementing the FTA in July 2004, and President Bush signed this legislation on August 17, 2004.[21] The Moroccan Parliament ratified the agreement on January 20, 2005, although the FTA had not entered into force as of July 1, 2005.[22]

In 2004, U.S. exports to Morocco totaled $516 million, and imports from Morocco were valued at $545 million. Leading U.S. exports to Morocco in 2004 included aircraft and aircraft parts, corn, soybeans, and coal. Leading U.S. imports from Morocco in 2004 included petroleum, electrical components, phosphates, olives,

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[15] USITC Data Web.

[16] USTR, "Free Trade with Central America and the Dominican Republic: Highlights of the CAFTA," CAFTA Policy Brief, February 2005, found at *http://www.ustr.gov*, retrieved June 1, 2005.

[17] The Generalized System of Preferences and the Caribbean Basin Economic Recovery Act are described in chapter 2.

[18] USTR, "CAFTA Facts: CAFTA Benefits the American Family," CAFTA Policy Brief, May 2005, found at *http://www.ustr.gov,* retrieved June 1, 2005.

[19] USITC, *U.S.-Morocco Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-14, USITC publication 3704, June 2004.

[20] USTR, "United States and Morocco Sign Historic Free Trade Agreement," press release, June 15, 2004.

[21] USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005, p. 147, and White House, Statement by the Press Secretary, "Statement on the US-Morocco Free Trade Agreement Implementation Act," Aug. 17, 2004.

[22] Ibid., and "U.S., Morocco Agree to Delay Implementation of Free Trade Deal," *Inside U.S. Trade*, Apr. 29, 2005.

women's and girls' apparel, and anchovies.[23] U.S. products entering Morocco currently face an average U.S. tariff of more than 20 percent, while Moroccan products are subject to an average tariff of 4 percent as they enter the United States.[24]

More than 95 percent of bilateral trade in consumer and industrial products are to become duty-free immediately upon entry into force of the U.S.-Morocco FTA, with tariffs on the remaining products to be eliminated within 9 years.[25] Tariff phaseouts by Morocco on most U.S. agricultural products are to occur in equal annual installments of periods of 5 to 18 years. Tariffs for other U.S. agricultural products will be phased out over 6 to 25 years. The FTA also establishes preferential TRQs for high quality and standard-quality beef, whole birds, leg quarters, durum wheat, non-durum wheat, almonds, and apples.[26]

Other FTA provisions include new market access for U.S. suppliers of audiovisual services, computer and related services, distribution services, and construction and engineering services, as well as new market access for U.S. banks, insurance companies, telecommunications companies, and express delivery companies. Under the FTA, U.S. firms are to be guaranteed a fair and transparent process to sell goods and services to a wide range of Moroccan government entities. The FTA also is to afford state-of-the art protection and nondiscriminatory treatment for U.S. digital products such as software, music, text, and videos; protections for U.S. patents, trademarks, copyrights, and trade secrets.[27]

U.S.-Andean FTA

During 2004, the United States commenced FTA negotiations with three Andean countries Colombia, Ecuador, and Peru, with Bolivia attending as an observer.[28] The first round of talks began on May 18, 2004. Five more rounds of talks followed during the year. Market access was a major concern for the United States and the Andean countries during the negotiations.

In 2004, U.S. exports to Bolivia, Colombia, Ecuador, and Peru combined totaled $7.7 billion, with imports from the four countries valued at $15.5 billion. The current trade relationship between the United States and the four Andean countries is largely conducted within the framework of unilateral preferences extended by the United States for imports under the 1991 Andean Trade Preference Act (ATPA) and its 2002 amendment, the Andean Trade Promotion and Drug Eradication Act (ATPDEA).[29]

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[23] USITC Data Web.

[24] USTR, "United States and Morocco Sign Historic Free Trade Agreement," press release, June 15, 2004.

[25] USTR, "U.S. and Morocco Conclude Free Trade Agreement," press release, Mar. 2, 2004.

[26] USTR, "U.S.-Morocco Free Trade Agreement Agriculture Provisions," July 6, 2005, found at *http://www.ustr.gov*, retrieved March 8, 2005.

[27] USTR, "U.S. and Morocco Conclude Free Trade Agreement," press release, Mar. 2, 2004.

[28] On Nov. 18, 2003, the administration formally notified Congress of its intention to initiate negotiations for a FTA with Colombia, Peru, Ecuador, and Bolivia. USTR, "USTR Notifies Congress of Intent to Initiate Free Trade Area with Andean Countries," press release, Nov. 18, 2003.

[29] ATPA and ATPDEA are discussed in more detail in chapter 2 of this report.

Free Trade Area of the Americas

Negotiations for the creation of the FTAA continued during 2004.[30] The United States and the 33 other Western Hemisphere countries launched the FTAA talks in April 1998, and began market access negotiations in May 2002. Their stated goal was to conclude negotiations no later than January 2005 so that the FTAA agreement could enter into force by no later than December 2005.[31] In 2004, U.S. exports to the other 33 FTAA countries combined totaled $309.9 billion, and U.S. imports from those countries were valued at $506.6 billion. NAFTA partners Canada and Mexico accounted for more than 80 percent of that trade.

FTAA trade negotiators did not meet their target deadline of concluding the negotiations by January 2005. The year 2004 was the second year of the U.S. and Brazilian co-chairmanship of the Trade Negotiations Committee (TNC).[32] The TNC formally met once (in February) during 2004, compared to four TNC meetings held during 2003. According to a report by the U.S. Government Accountability Office, three factors that impeded progress in the FTAA negotiations during 2004 were: (1) the lack of progress in resolving basic differences between the United States and Brazil on key negotiation issues; (2) the shift of attention by the negotiating parties from the FTAA to negotiations in other forums, especially bilateral, subregional, and WTO trade negotiations; and (3) failure of the U.S. and Brazilian co-chairmanship and the negotiating structure to facilitate progress.[33]

The United States, Brazil, and other countries participated in several formal and informal meetings during 2004 to achieve consensus on elaborating a new framework intended to give negotiators more flexibility in handling differences in the economic and political situations among the 34 countries. While progress was reported, discussions to produce guidance for negotiations on a common set of rights and obligations were marked by disagreement about the scope and ambition of the ultimate agreement.[34] The TNC co-chairs held consultations in Washington, D.C. in February 2005, where they continued to discuss the development of a common and balanced set of rights and obligations to be provided to the FTAA negotiators.[35]

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[30] A summary of FTAA developments through 2003 is provided in USITC, *The Year in Trade, 2003*, USITC publication 3700, pp. 4-15 to 4-17, and prior reports in this series of reports.

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

[32] Trade ministers of the respective FTAA countries are responsible for the ultimate oversight and management of the negotiations. The trade ministers established the TNC at the vice-ministerial level to provide direct guidance and administrative responsibilities for the FTAA negotiations. Additional information on the TNC is available at the official FTAA website, *http://www.ftaa-alca.org/TNC_e.asp*.

[33] U.S. Government Accountability Office, *Free Trade Area of the Americas: Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations: Report to the Chairman, Committee on Finance, U.S. Senate, and to the Chairman, Committee on Ways and Means, House of Representatives*, March 2005, GAO-05-166, p. 18.

[34] USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, pp. 155-156, found at *http://www.ustr.gov*, retrieved June 6, 2005.

[35] "TNC, FTAA–Trade Negotiations Committee Joint Communiqué of Co-Chairs," Feb. 24, 2005, FTAA.TNC/com/06, found at the FTAA website, *http://www.ftaa-alca.org/TNC/TNCcom06_e.asp*.

Progress in Other FTA Negotiations

U.S.-Panama FTA

The United States and Panama held two rounds of negotiations during 2004. Negotiating groups also focused on discussing the initial market access offers that had been exchanged to gain a better understanding of each other's priorities and sensitivities.[36] An interim environmental review issued in June 2004 found that a U.S.-Panama FTA likely would have a very small impact on U.S. production and exports and, consequently, would have no negative impact on the U.S. environment.[37]

U.S. FTAs with Oman and the United Arab Emirates (UAE)

The United States signed trade and investment framework agreements (TIFAs) with Oman and with the UAE during 2004;[38] TIFAs promote the establishment of legal protections for investors, improvements in intellectual property protection, more transparent and efficient customs procedures, and greater transparency in government and commercial regulations.[39] On November 15, 2004, USTR Robert Zoellick informed Congress of the administration's intention to negotiate FTAs with Oman and with the UAE. Interim environmental reviews found that FTAs with Oman and with the UAE are likely to have very small impacts on U.S. production and exports and, consequently, are likely to have no negative impact on the U.S. environment.[40] FTAs with Oman and the UAE are part of the administration's Middle East Trade Initiative to promote trade integration and economic development in that region.[41]

North American Free Trade Agreement[42]

The North American Free Trade Agreement (NAFTA) came into effect January 1, 1994. In 2004, total two-way (exports plus imports) trade with NAFTA partners increased by 12.4 percent over 2003, with U.S.-Canada trade totaling $418.9 billion in 2004 and U.S.-Mexico trade totaling $248.0 billion (table 4-2). The U.S. trade

[36] USTR, "Joint Statement by Panama and the United States on the Second Round of U.S.-Panama Free Trade Negotiations," press release, June 11, 2004.

[37] USTR, *Interim Environmental Review: U.S.-Panama Free Trade Agreement*, found at, *http://www.ustr.gov*, retrieved June 1, 2005.

[38] USTR, "United States and United Arab Emirates Sign TIFA," Mar. 15, 2004, and "United States and Oman Sign Trade and Investment Framework Agreement," July 7, 2004, press release, found at *http://www.ustr.gov*, retrieved June 10, 2005.

[39] USTR, "Middle East Free Trade Initiative: U.S. Regional Plan to Spur Economic Growth," fact sheet, Mar. 2, 2004, found at *http://www.ustr.gov*, retrieved June 6, 2005.

[40] USTR, *Interim Environmental Review of the U.S.-United Arab Emirates Free Trade Agreement*, May 2005, and *Interim Environmental Review of the U.S.-Oman Free Trade Agreement*, April 2005, found at *http://www.ustr.gov*, retrieved June 1, 2005.

[41] USTR, "Middle East Free Trade Initiative: U.S. Regional Plan to Spur Economic Growth," Mar. 2, 2004.

[42] U.S. bilateral relations with Canada and Mexico are described in chapter 5 of this report.

Table 4-2
U.S. trade with NAFTA partners, 2002-04

(Billion dollars)

Year	NAFTA partner	Exports	Imports	Trade balance	Two-way (exports plus imports)
2004	Canada	163.2	255.7	-92.5	418.9
	Mexico	93.0	155.0	-62.0	248.0
	Canada and Mexico	256.2	410.7	-154.4	666.9
2003	Canada	148.7	224.0	-75.3	372.8
	Mexico	83.1	137.2	-54.1	220.3
	Canada and Mexico	231.8	361.2	-129.4	593.1
2002	Canada	142.5	210.4	-67.9	352.9
	Mexico	86.1	134.1	-48.0	220.2
	Canada and Mexico	228.6	344.5	-115.9	573.3

Note.—Because of rounding, figures may not add to totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

deficit with NAFTA partners increased for a fourth consecutive year, by about 19 percent, with the deficit increasing to $154.4 billion in 2004 from $129.4 billion in 2003.

The following sections describe the major activities of the NAFTA Free Trade Commission and the Commission for Labor Cooperation, and summarize major activities with respect to the North American Agreement on Environmental Cooperation, the Commission for Environmental Cooperation, and NAFTA binational panel reviews in 2004.

Free Trade Commission

The NAFTA's central oversight body is the NAFTA Free Trade Commission (FTC), chaired jointly by representatives from the three member countries.[43] The FTC is responsible for overseeing implementation and elaboration of NAFTA, as well as for its dispute settlement provisions.

At its July 2004 meeting, the FTC commemorated the tenth anniversary of the entry into force of NAFTA and reconfirmed its commitment to deepening economic integration in North America by building on NAFTA.[44] With virtually all tariffs and quotas on North American trade eliminated, the FTC considered additional ways to enhance trade and investment by lowering transaction costs and other administrative burdens, such as

[43] These are the U.S. Trade Representative, the Canadian Minister for International Trade, and the Mexican Secretary of Economy.
[44] NAFTA entered into force on Jan. 1, 1994. USTR, "NAFTA," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

harmonizing standards and simplifying documentation requirements. The FTC is to explore ways to further integrate the NAFTA economies by considering initiatives in certain sectors, including manufacturing, services, business facilitation, compatibility of standards, and the further elimination of technical barriers to trade. The FTC also addressed the need for greater coordination with regard to energy policy and joint development of energy transmission infrastructure.

Commission for Labor Cooperation

The Commission for Labor Cooperation was formed 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. Each NAFTA partner has established a National Administrative Office (NAO) within its ministry of labor to serve as the contact point for information, to examine labor concerns, and to coordinate cooperative work programs.[45]

The NAALC provides for the review of public submissions related to the labor laws of the NAFTA partners.[46] In April 2004, the U.S. NAO held public hearings on submission 2003-01, related to the enforcement of labor laws by Mexico.[47] The issues raised in the submission include freedom of association and the right to organize, collective bargaining, occupational safety and health, minimum employment standards (that is, minimum wage and overtime pay), and access to fair and transparent labor tribunal proceedings at two garment manufacturing plants located in the state of Puebla. The U.S. NAO issued a report on the submission in September 2004, and recommended ministerial consultations between the United States and Mexico. The United States requested such consultations in October 2004, and Mexico agreed in November 2004.[48]

In April 2004, the United States, Mexico, and Canada formally launched a website as part of the Trinational Occupational Safety and Health Working Group. The site (*http://www.naalcosh.org*) contains links to each government's occupational safety and health programs and practices, promotes education and public involvement, and facilitates the dissemination of information about the occupational safety and health activities of the three governments.

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[45] The NAO of the U.S. Department of Labor, Bureau of International Labor Affairs was renamed as the Office of Trade Agreement Implementation in December 2004. Found at *http://www.dol.gov/ilab/*, retrieved May 2, 2005.

[46] USTR, "NAFTA," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[47] The submission was filed by the U.S.-based United Students Against Sweatshops and the Mexico-based Centro de Apoyo al Trabajador and was later joined by the Canada-based Maquiladora Solidarity Network. U.S. Department of Labor, Bureau of International Labor Affairs (ILAB), ILAB National Administrative Office, "Public Hearing on U.S. National Administrative Office Submission 2003-01 (Puebla)," redacted version, Apr. 1, 2004, found at *http://www.dol.gov/ilab/*, retrieved May 2, 2005.

[48] USTR, "NAFTA," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

As part of their ongoing program of trilateral cooperation under the NAALC, the United States, Mexico, and Canada presented a conference in December 2004 on the Trafficking in Persons in North America, hosted by the U.S. Department of Labor in Washington, D.C.[49] The conference focused attention on trafficking as a growing phenomenon in North America, allowed the exchange of information on approaches by governments and nongovernmental organizations to combat trafficking, and explored opportunities for enhanced trilateral cooperation on the issue.[50]

North American Agreement on Environmental Cooperation

The Commission for Environmental Cooperation (CEC) was formed 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 is composed of (1) the Council, made up of the environmental ministers from the United States, Canada, and Mexico; (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. At the June 2004 Council Session in Puebla, Mexico, the Council pledged to develop a strategic plan to address issues related to trade and the environment, as well as to continue its cooperation with the NAFTA Free Trade Commission as set out in the Puebla Declaration.[51]

Articles 14 and 15 of the NAAEC are intended to provide citizens and nongovernmental organizations with a mechanism to aid in the enforcement of environmental laws in the NAFTA countries. Article 14 governs alleged violations submitted for review by the CEC. It sets forth specific guidelines regarding the nature of valid submissions and appropriate complaining parties. Article 15 outlines the Secretariat's obligations in considering the submissions and publishing findings in the factual record.[52] Under Article 14, nine files remained active in 2004, three of which were submitted in 2004 (table 4-3). Under Article 15, 10 files that have published factual records remained active in 2004, 4 of which involved Canada, 5 involved Mexico, and 1 involved the United States (table 4-4).

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[49] U.S. Department of Labor, Bureau of International Labor Affairs, as host under the NAALC, "Conference on Trafficking in Persons in North America," Dec. 6-7, 2004, Washington DC, found at *http://www.naalctip.org/*, retrieved May 2, 2005.

[50] USTR, "NAFTA," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[51] CEC, "Puebla Declaration—Eleventh Regular Session of the CEC Council," found at *http://www.cec.org*, retrieved Mar. 2, 2005.

[52] NAAEC Articles 14 and 15, found at *http://www.cec.org*, retrieved Jan. 14, 2004.

Table 4-3
Active Article 14 files, through 2004

Name	Case	First Filed	Country	Status
Tarahumara	SEM-00-006	June 9, 2000	Mexico	The Secretariat posted a request for information relevant to the factual record on its web site in September 2003.
Ontario Logging	SEM-02-001	Feb. 6, 2002	Canada	The Secretariat posted a request for information relevant to the factual record on its web site in June 2004.
Pulp and Paper	SEM-02-003	May 8, 2002	Canada	The Secretariat posted a request for information relevant to the factual record on its web site in March 2004.
Lake Chapala II	SEM-03-003	May 23, 2003	Mexico	The Secretariat considering whether to recommend a factual record since March 2004.
Alca-Iztapalapa II	SEM-03-004	June 17, 2003	Mexico	The Secretariat recommends development of a factual record in August 2004; received submission in January 2005.
Montreal Technoparc	SEM-03-005	Aug. 14, 2003	Canada	The Secretariat posted a request for information relevant to the factual record on its web site in February 2005.
Coal-fired Power Plants	SEM-04-005	Sept. 20, 2004	United States	The Secretariat requested a response from the concerned government Party in February 2005.
Ontario Logging II	SEM-04-006	Oct. 12, 2004	Canada	The Council voted to instruct the Secretariat to develop a Factual Record in February 2005.
Quebec Automobiles	SEM-04-007	Nov. 3, 2004	Canada	The Secretariat considering whether to recommend a factual record since February 2005.

Source: North American Commission for Environmental Cooperation, found at *http://www.cec.org/citizen/index.cfm?varlan=english*, retrieved Mar. 2, 2005.

Table 4-4
Factual records published in 2004, under Article 15 of the North American Agreement on Environmental Cooperation

Name	Case	First Filed	Country	Date published
BC Logging	SEM-00-004	Mar. 15, 2000	Canada	Aug. 11, 2003
Molymex II	SEM-00-005	Apr. 6, 2000	Mexico	Oct. 8, 2004
Cozumel	SEM-96-001	Jan. 17, 1996	Mexico	Oct. 24, 1997
BC Hydro	SEM-97-001	Apr. 2, 1997	Canada	June 11, 2000
Río Magdalena	SEM-97-002	Mar. 15, 1997	Mexico	Dec. 11, 2003
Oldman River II	SEM-97-006	Oct. 4, 1997	Canada	Aug. 11, 2003
BC Mining	SEM-98-004	June 29, 1998	Canada	Aug. 12, 2003
Aquanova	SEM-98-006	Oct. 20, 1998	Mexico	June 23, 2003
Metales y Derivados	SEM-98-007	Oct. 23, 1998	Mexico	Feb. 11, 2002
Migratory Birds	SEM-99-002	Nov. 19, 1999	United States	April 24, 2003

Source: North American Commission for Environmental Cooperation, found at *http://www.cec.org/citizen/index.cfm?varlan=english*, retrieved Mar. 2, 2005.

Commission for Environmental Cooperation[53]

The CEC is governed by the Council that implements the NAAEC. The CEC continued its efforts in 2004, a significant portion of which was its annual work program on trade and environment issues. Projects under this work program aim to improve cooperation among the NAFTA countries toward environmental sustainability in open markets and stewardship of the North American environment. The CEC agreed to refocus its work to develop a new work plan based on three priorities set out in the Puebla Declaration: (1) information for decisionmaking, (2) trade and environment, and (3) capacity building[54] with a focus on Mexican institutions. As part of this effort, the NAFTA 10(6) group[55] is working with the Council to draft a trade and environment strategic plan that will guide the CEC's trade and environment work for the next five years.[56] In developing the strategic plan, the NAFTA partners are to consider the following:[57]

- Establishing key elements that enhance markets for renewable energy;
- Addressing issues concerning trade pathways of invasive species;
- Enforcement of environmental laws as this affects trade, including enforcement of domestic laws that address transboundary trade in environmentally sensitive goods and materials;
- Environmental procurement practices;

[53] USTR, "Other Multilateral Activities," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[54] U.S. Department of State telegram, "CEC alternative representatives meeting in Montreal, September 19-20, 2004," Sept. 20, 2004, message reference No. 2516, prepared by U.S. Embassy, Ottawa.

[55]The NAFTA 10(6) group is named after the provision of the NAAEC that addresses CEC cooperation with the NAFTA itself, and is comprised of both trade and environment officials from the three NAFTA countries.

[56] USTR, "Other Multilateral Activities," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[57] Ibid.

- Market-based approaches that promote sustainable use of natural resources; and
- Sharing information, as appropriate, on methodologies for conducting environmental reviews of trade agreements with a view to providing a better assessment of the environmental effects of NAFTA.

In August 2004, the CEC Secretariat released its Article 13 report, "Maize and Biodiversity: The Effects of Transgenic Maize in Mexico: Key Findings and Recommendations."[58] The CEC is also preparing a third North American Symposium on Assessing the Environmental Effects of Trade, scheduled for fall 2005.[59] In August 2004, the CEC issued a call for papers examining trade and environment issues related to investment and growth in North America; the final papers will be presented at the symposium.[60]

United States and Mexico agreed in 1993 on arrangements to help border communities with environmental infrastructure projects to further the goals of NAFTA and the NAAEC.[61] The Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) were established to develop and finance needed environmental infrastructure projects along the U.S.-Mexico border. The BECC and the NADB are now working with more than 100 communities throughout the U.S.-Mexico border region to address their environmental infrastructure needs.[62]As of September 30, 2004, the NADB had authorized $689.2 million in loans and grants to partially finance 83 infrastructure projects certified by the BECC with an estimated cost of $2.3 billion.[63]

Dispute Settlement

The NAFTA contains dispute settlement provisions covering a variety of areas.[64] Developments during 2004 are described below with respect to NAFTA Chapter 11 investor-state disputes and NAFTA Chapter 19 binational reviews of final determinations of antidumping and countervailing duty cases.

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58 The findings of this report are described in the section on Mexico in chapter 5 of this report. U.S. Department of State telegram, "(CEC) Mexican Maize Symposium: Anti-GMO Emotion Drowns Out Science on Introgression of Transgenes into Mexican Landraces," Mar. 26, 2004, message reference No. 2496, prepared by U.S. Embassy, Mexico City. The CEC Secretariat was asked by members of the public in 2002 to investigate the effects of transgenic maize in Mexico under NAAEC Article 13. CEC, "Latest News—Maize and Biodiversity report released," Montreal, Aug. 11, 2004, found at *http://www.cec.org*, retrieved Mar. 3, 2005.

59 Ibid.

60 Ibid.

61 USTR, "North American Free Trade Agreement," *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

62 Ibid.

63 Ibid.

64 NAFTA Secretariat, "Overview of the Dispute Settlement Provisions of the North American Free Trade Agreement (NAFTA)," found at *http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=8#chap11*, retrieved July 13, 2005.

Chapter 11 Dispute Settlement Developments

NAFTA Chapter 11 contains 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, at its option, pursue arbitration through internationally recognized channels[65] or pursue remedies available in the host country's domestic courts under NAFTA Chapter 11. A key feature of the Chapter 11 provisions is the enforceability in domestic courts of final awards made by arbitration tribunals.[66]

Trade ministers for the NAFTA partners reviewed the Chapter 11 dispute-settlement provisions in 2001, clarifying in the process elements under Article 1120(2) regarding timely public access to documents submitted for arbitration under Chapter 11, with necessary exceptions for business confidential, privileged, or protected information. The ministers reaffirmed that Chapter 11 provisions require a "minimum standard of treatment in accordance with international law" under Article 1105(1).[67] In 2002, trade ministers agreed that the necessary steps should be taken to facilitate public input concerning the Chapter 11 dispute resolution process.[68]

In 2003, trade ministers agreed on two elements to increase the transparency of dispute resolution taking place under Chapter 11 procedures,[69] one concerning written submissions (amicus curiae briefs) to investor-state tribunals by nondisputing parties,[70] the other concerning a standard form to initiate arbitration under NAFTA Article 1119.[71] Separately, the United States and Canada affirmed that they will consent to open public hearings in Chapter 11 disputes to which either is party, and will request similar consent from investors involved in such dispute hearings.[72]

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[65] Such as 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).

[66] NAFTA Secretariat, "Overview of the Dispute Settlement Provisions of the North American Free Trade Agreement (NAFTA)."

[67] USTR, "Free Trade Commission Clarifications Related to NAFTA Chapter 11," July 31, 2001, found at *http://www.ustr.gov*, retrieved Jan. 8, 2002. For further details, see *The Year in Trade: OTAP, 2001*, USITC publication 3510, May 2002, p. 3-2.

[68] For further detail, see *The Year in Trade: OTAP, 2002*, USITC publication 3630, August 2003, p. 4-5, and previous issues.

[69] USTR, "NAFTA Commission Announces New Transparency Measures," press release, Oct. 7, 2003, found at *http://ustr.gov*, retrieved July 12, 2005.

[70] See NAFTA Secretariat, "Statement of the Free Trade Commission on Non-disputing Party Participation," found at *http://www.ustr.gov*, retrieved July 13, 2005.

[71] See NAFTA Secretariat, "Statement of the Free Trade Commission on Notices of Intent to Submit a Claim to Arbitration," found at *http://www.ustr.gov*, retrieved July 13, 2005.

[72] USTR "NAFTA Free Trade Commission Statement on Open Hearings," news release, Oct. 7, 2003, found at *http://www.ustr.gov*, retrieved July 13, 2005. The NAFTA ministers released the following statement Oct. 7, 2003 at the conclusion of their Free Trade Commission meeting. "Having reviewed the operation of arbitration proceedings conducted under Chapter Eleven of the North American Free Trade Agreement, the United States affirms that it will consent, and will request the consent of disputing investors and, as applicable, tribunals, that hearings in Chapter Eleven disputes to which it is a party be open to the public, except to ensure the protection of confidential information, including business confidential information. The United States recommends that tribunals determine the appropriate logistical arrangements for open hearings in consultation with disputing parties. These arrangements may include, for example, use of closed-circuit television systems, Internet webcasting, or other forms of access."

In 2004, for the first time, a tribunal accepted written submissions from a nondisputing party under Chapter 11 proceedings in a case brought by an investor against the United States of America. In 2004, Mexico agreed to support open hearings for Chapter 11 proceedings as well. Trade ministers agreed that Chapter 11 proceedings should be equal to the openness of Chapter 20 dispute proceedings[73] and asked officials to develop rules to govern such open hearing proceedings. Trade ministers of the NAFTA partners also agreed to release the negotiating texts of Chapter11, that is, the successive drafts that culminated in the present Chapter 11 text.[74]

Chapter 19 Dispute Panel Reviews

Chapter 19 of NAFTA establishes a mechanism that provides for review by a binational panel of final determinations made by a national investigating authority in antidumping and countervailing duty cases. A panel may be established at the request of an involved NAFTA country.

Three binational panels and one extraordinary challenge committee were formed in 2004. The NAFTA Secretariat listed 27 binational panels active at the end of 2004, as well as the extraordinary challenge committee (table 4-5). Two of the new panels challenged U.S. agency determinations concerning products from Canada, and one challenged a U.S. agency determination on a product from Mexico. The extraordinary challenge committee was requested by the U.S. Government concerning softwood lumber from Canada.

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[73] Chapter 20 establishes dispute settlement provisions applicable to all disputes regarding the interpretation or application of the NAFTA, seeking foremost to avoid or resolve disputes through consultation. Failing resolution of a dispute through multiple stages of consultations, a five-member arbitral panel may be established. See NAFTA Secretariat, "Overview of the Dispute Settlement Provisions of the North American Free Trade Agreement."

[74] USTR, "NAFTA Chapter 11 Trilateral Negotiating Draft Texts," found at *http://ustr.gov*, retrieved July 12, 2005.

Table 4-5
NAFTA Chapter 19 binational panels, active reviews in 2004

Country	Case	National agencies' final determination[1]	Product description
Canada			
	No active chapter 19 cases.		
Mexico			
	MEX-USA-2000-1904-02	SECOFI Final Antidumping Duty Determination	Bovine carcasses and half carcasses, fresh or chilled originating in the United States
	MEX-USA-2003-1904-01	SE Final Countervailing Duty Determination	Imports of sodium hydroxide (caustic soda) originating in the United States
	MEX-USA-2003-1904-02	SE Final Countervailing Duty Determination	Fresh Red Delicious and Golden Delicious apples, originating in the United States
United States			
	USA-CDA-2000-1904-09	USITC Final Results of the Five-Year Reviews of the Countervailing Duty and Antidumping Duty Orders	Magnesium from Canada
	USA-CDA-2000-1904-11	USITC Final Results of the Five-Year Reviews of the Countervailing Duty and Antidumping Duty Orders	Carbon steel products from Canada
	USA-CDA-2002-1904-02	USDOC Final Determination of Sales at Less Than Fair Value	Certain softwood lumber products from Canada
	USA-CDA-2002-1904-03	USDOC Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination	Certain softwood lumber products from Canada
	USA-CDA-2002-1904-07	USITC Final Injury Determination	Certain softwood lumber products from Canada
	USA-CDA-2002-1904-09	USITC Final Injury Determination	Carbon and certain alloy steel wire rod from Canada
	USA-CDA-2003-1904-02	USDOC Final Results of Countervailing Duty New Shipper Review	Alloy magnesium from Canada
	USA-CDA-2003-1904-05	USDOC Final Affirmative Countervailing Duty Determinations	Certain Durum wheat and Hard Red Spring wheat from Canada
	USA-CDA-2003-1904-06	USITC Final Injury Determination	Hard Red Spring wheat from Canada
	USA-CDA-2004-1904-01	USDOC Final Results of Countervailing Duty Administrative Reviews	Pure magnesium and alloy magnesium from Canada
	USA-CDA-2004-1904-02	USDOC Final Results of the Antidumping Duty Administrative Review	Carbon and certain alloy steel wire rod 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-MEX-1998-1904-02	USDOC Final Results of the 6th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico

See footnote at end of table.

Table 4-5—*Continued*
NAFTA chapter 19 binational panels, active reviews in 2004

Country	Case	National agencies' final determination[1]	Product description
United States—*Continued.*			
	USA-MEX-2000-1904-03	USDOC Final Results of the 8th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2000-1904-05	USDOC Final Results of the Full Sunset Review of the Antidumping Duty Order	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2000-1904-10	USITC Final Results of the Five-Year Review of the Antidumping Duty Order	Gray Portland cement and cement linker from Mexico
	USA-MEX-2001-1904-03	USDOC Final Results of the Full Sunset Review of the Antidumping Duty Order	Oil Country tubular Goods from Mexico
	USA-MEX-2001-1904-04	USDOC Final Results of the 9th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2001-1904-05	USDOC Final Results of the 4th Antidumping Duty Administrative Review and Determination Not To Revoke	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-06	USITC Final Results of the Five Year Review of the Antidumping Duty Order	Oil country tubular goods from Mexico
	USA-MEX-2002-1904-01	USITC Dismissal of a Request to Institute a Section 751(b) Investigation	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2002-1904-05	USDOC Final Results of the 10th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2003-1904-01	USDOC Final Results of the 11th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2003-1904-03	USDOC Final Results of the 12th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
	USA-MEX-2004-1904-03	USDOC Final Results of the 13th Antidumping Duty Administrative Review	Gray Portland cement and cement clinker from Mexico
NAFTA Chapter 19 Extraordinary Challenge Committee, active proceedings			
	ECC-2004-1904-01USA	Extraordinary Challenge Committee (ECC) Proceeding relating to USA-CDA-2002-1904-07 Panel Review	Softwood Lumber from Canada

[1] In Canada, final dumping and subsidy determinations are made by Revenue Canada–Customs and Excise, and injury determinations are made by the Canadian International Trade Tribunal. In Mexico, all determinations are made by the *Secretaria de Economia* (SE) (formerly SECOFI, the *Secretaria de Comercio y Fomento Industrial*). 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.

Source: NAFTA Secretariat, found at *http://www.nafta-sec-alena.org/DefaultSite/index_e.aspx?DetailID=11*, retrieved Feb. 25, 2005.

CHAPTER 5
U.S. Relations With Major Trading Partners

This chapter reviews bilateral trade relations and selected trade issues with seven major U.S. trading partner regions during 2004: the European Union (EU), Canada, Mexico, China, Japan, Taiwan, and Korea. Appendix tables A-16 through A-36 provide detailed information on U.S. trade with selected partners.

European Union

The United States and the EU share the largest two-way (exports plus imports) trade relationship in the world. In 2004, U.S. merchandise trade with the EU-15 totaled $422.2 billion, an 11.0 percent increase over 2003. U.S. exports of goods to the EU increased to $152.0 billion in 2004, up 10.0 percent from 2003. U.S. imports of goods from the EU increased by 11.6 percent in 2004 to $270.2 billion, resulting in a $118.3 billion trade deficit with the EU in 2004. Leading U.S. exports to the EU during the year included aircraft and aircraft parts, certain medicaments, and parts of automated data processing machines. Leading U.S. imports from the EU included passenger cars, certain medicaments, petroleum derivatives, and nucleic acids and their salts. U.S.-EU merchandise trade data are shown in appendix tables A-16 through A-18.

During 2004, the United States and the EU made progress on two important bilateral trade issues. First, President Bush signed the American Jobs Creation Act of 2004,[1] a new law that brings the United States into conformity with a WTO ruling on U.S. special tax treatment of foreign sales corporations (FSCs). The EU had challenged the previous U.S. law. Second, talks during 2004 resulted in a January 2005 bilateral agreement on the terms for the negotiation of a permanent settlement regarding subsidies to the aircraft sector. Both of these issues are discussed below. Other issues that were on the U.S.-EU trade agenda included the WTO's examination of the EU's de facto moratorium on approvals of agricultural biotechnology products, the EU ban on meat treated with growth-promoting hormones and related U.S. sanctions, food-related geographical indications, non-uniform customs administration in the EU, regulatory cooperation, and ongoing consultations with stakeholders to identify concrete ways to

[1] Public Law 108-357.

enhance transatlantic economic ties. In addition, on May 1, 2004, the U.S.-EU trading relationship expanded with the enlargement of the EU to include 10 central European and Mediterranean countries.[2] The United States supports this achievement.[3] However, negotiations began in 2004 regarding compensation for trade obstacles that were introduced by the accession of the 10 new member states.[4]

Foreign Sales Corporations

Background[5]

On July 1, 1998, the EU challenged in the WTO the first of two successive U.S. tax regimes concerning the FSC provisions of U.S. tax law. On November 17, 2000, the EU challenged the replacement regime, the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI Act).[6] In both cases, the WTO dispute settlement panel and Appellate Body found that the regimes constituted prohibited export subsidies and were inconsistent with U.S. WTO obligations. In May 2003, the WTO Dispute Settlement Body (DSB) authorized the EU to impose up to 100 percent ad valorem duties on imports of certain goods from the United States to a maximum amount of $4.043 billion per year.[7] In December 2003, the EU Council of Foreign Affairs Ministers adopted a regulation that outlined a plan to gradually impose countermeasures on certain U.S. products, calling for the imposition of tariffs of 5 percent on U.S. products on March 1, 2004, with the tariff rate rising by 1 percentage point per month thereafter until a 17 percent tariff rate is reached on March 1, 2005.[8]

Developments during 2004

On March 1, 2004, the EU imposed tariffs of 5 percent on more than 1,600 U.S. products, including certain precious stones and metals, articles of jewelry, fruits, vegetables, sugar, wood products, paper and paperboard, textiles, apparel, footwear, articles of leather, glassware, articles of iron and steel, electrical and non-electrical machinery, and toys and sports equipment.[9] The EU continued to raise the tariff rate by 1 percentage point each month through the end of 2004; as of December 1, 2004, the tariff rate was 14 percent.

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[2] The 10 new EU member states are Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia.

[3] The White House, "Statement by the President on EU Enlargement," press release, May 3, 2004.

[4] USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005, p. 180.

[5] For more information on the background of the FSC dispute, see USITC, *The Year in Trade; OTAP, 2003*, USITC publication 3700, pp. 5-2 to 5-4; USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, pp. 5-2 to 5-4; USITC, *The Year in Trade: OTAP, 2001*, USITC publication 3510, pp. 4-10 to 4-11; and USITC, *The Year in Trade; OTAP, 2000*, USITC publication 3428, pp. 4-12 to 4-13.

[6] Public Law 106-519.

[7] WTO, *News*, "Dispute Settlement Body, 7 May 2003, EU Granted Permission to Apply US $4 Billion Sanctions against US in Foreign Sales Corporation Case but Delays Application," May 7, 2003, found at *http://www.wto.org*, retrieved May 9, 2003.

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

[9] Ibid.

On October 14, Congress passed the "American Jobs Creation Act of 2004," which repealed the FSC/ETI tax regime, and President Bush signed it into law on October 22, 2004.[10] Soon after, the EU announced that it would lift its countermeasures against U.S. products (following EU Council approval) on January 1, 2005, the same date that the repeal of the exclusion for extraterritorial income was to enter into effect.[11] However, the EU also announced that it would request the WTO to examine WTO compliance of the new legislation.[12]

On November 5, 2004, the EU requested WTO consultations with the United States.[13] At issue are transition and grandfathering provisions in the new U.S. law. According to the EU, the "transition provisions will allow U.S. exporters to continue to benefit from the [ETI Act] (a) in the years 2005 and 2006 with respect to all export transactions and (b) for an indefinite period with respect to certain binding contracts."[14] The WTO could rule on the current case later in 2005. In the meantime, on January 31, 2005, the EU Council adopted a regulation suspending the additional duties that the EU had applied to U.S. goods since March 2003, retroactive to January 1, 2005.[15] However, the regulation stipulates that 14 percent ad valorem duties be reimposed on January 1, 2006, or 60 days after a DSB ruling (whichever date is later) that the American Jobs Creation Act is found WTO incompatible.

Aircraft Sector

Background

Government support for European aircraft manufacturer Airbus has been a longstanding U.S. concern. According to the U.S. Government, the EU member state governments of France, Germany, Spain, and the United Kingdom have provided subsidies to their respective Airbus member companies to aid in the development,

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[10] Public Law 108-357.

[11] European Commission (EC), "Foreign Sales Corporations (FSC): EU Welcomes US Repeal of Illegal Export Subsidies–EU to Lift Sanctions and Ask for Check on WTO Compatibility," press release IP/04/1289, Oct. 25, 2004.

[12] Ibid.

[13] WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse by the European Communities to Article 21.5 of the DSU, Request for Consultations," WT/DS108/27, Nov. 10, 2004.

[14] Ibid. Consultations were held on Jan. 11, 2005, and on Feb. 17, 2005 the DSB established a panel to examine U.S. compliance. See, WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Second Recourse by the European Communities to Article 21.5 of the DSU, Request for Establishment of a Panel," WT/DS108/29, Jan. 14, 2005; and WTO, 2005 News Items, "Dispute Settlement Body 17 February 2005," found at *http://www.wto.org*, retrieved Mar. 2, 2005.

[15] "Council Regulation (EC) No 171/2005 of 31 January 2005 Amending and Suspending the Application of Regulation (EC) No. 2193/2003 Establishing Additional Customs Duties on Imports of Certain Products Originating in the United States of America," *OJ* No. L 28 (Feb. 2, 2005).

production, and marketing of large commercial aircraft since the 1970s.[16] Following two separate dispute settlement cases initiated by the United States under the 1980 GATT Subsidies Code,[17] the United States reached a bilateral agreement with the EU in 1992—the U.S.-EU Agreement on Large Civil Aircraft.[18] This agreement placed limits on government subsidies affecting large civil aircraft[19] manufactured by Airbus and Boeing, and included a ban on future production support, a 33 percent cap on development support, strict conditions on repayment terms, and a ceiling on indirect support.[20] According to USTR, the 1992 agreement was intended to lead to a "progressive reduction" in Airbus subsidies.[21]

Airbus SAS represents a partnership of the European Aeronautic Defence and Space Company (EADS), with an 80 percent equity share, and BAE Systems of the United Kingdom, with a 20 percent equity share. Airbus and Boeing are the leading global producers of large commercial aircraft in the world. According to EADS, Airbus world market share of annual deliveries rose from 15 percent in 1990 to 52 percent in 2003.[22] In 2004, Airbus delivered more planes and received more orders than Boeing for the second consecutive year.[23]

Developments during 2004

U.S. and EU officials met several times in 2004 to discuss aircraft subsidies. With the global market share held by Airbus having grown to approximately that of Boeing, USTR Zoellick indicated that Airbus subsidies designed "to support an infant industry" are no longer justified and it is time to establish a "level playing field."[24] According to USTR:

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[16] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers (NTE)*, p. 151 and U.S. Department of State telegram, "Demarche to EU member states on large commercial aircraft subsidies," message reference No. 193990, prepared by the U.S. Department of State, Washington, D.C., Sept. 9, 2004.

[17] The 1980 Agreement on Subsidies and Countervailing Measures or Subsidies Code was a plurilateral agreement that applied only to those signatories accepting its additional disciplines. These disciplines were extended under the 1995 WTO Agreement on Subsidies and Countervailing Measures to all WTO members.

[18] One case, with respect to a German exchange rate guarantee program, resulted in a GATT panel ruling favorable to the United States. The second case, with respect to overall subsidies to Airbus, was suspended as bilateral talks made progress.

[19] Aircraft with more than 100 seats.

[20] USTR, "U.S. and EC Sign Trade Agreement on Commercial Aircraft," press release 92-44, July 17, 1992; and USTR, "Fact Sheet: Airbus Agreement," July 17, 1992.

[21] USTR, "U.S. Files WTO Case against EU over Unfair Airbus Subsidies," press release, Oct. 6, 2004.

[22] EADS, *To New Levels, Business and Legal Description 2003*, found at *http://www.eads.com*, retrieved Dec. 28, 2004.

[23] USTR, "No New Subsidies: U.S. Acts to Stop New Airbus Subsidies, Including 'Launch Aid' Loans," Trade Facts, Oct. 6, 2004; Boeing, "Boeing Finishes 2004 Strong, Sees Rise in Commercial Airplane Orders," press release, Jan. 6, 2005; and EADS, "2004: Another Landmark Year for Airbus," press release, Jan. 12, 2005.

[24] USTR, "U.S. Files WTO Case against EU over Unfair Airbus Subsidies," press release, Oct. 6, 2004.

> Every major Airbus aircraft model was financed...with EU government subsidies taking the form of "launch aid" [aid for aircraft design and development]–financing with no or low rates of interest, and repayment tied to sales of the aircraft. If the sales of a particular model are less than expected, Airbus does not have to repay the remainder of the financing. EU governments have forgiven Airbus debt; provided equity infusions; provided dedicated infrastructure support; and provided substantial amounts of research and development funds for civil aircraft projects.[25]

The EU has argued that Boeing benefits from indirect government subsidies, mainly in the form of research and development funds from NASA, the Department of Defense, the National Institute of Standards and Technology (Department of Commerce), and other U.S. Government agencies. The EU also claims that Boeing benefits from export subsidies under the ETI Act, which was ruled WTO incompatible, and subsidies in the form of tax reductions and exemptions and infrastructure support associated with the development and production of Boeing's latest aircraft model, the 787 Dreamliner (formerly designated 7E7).[26]

Following several U.S. efforts in 2004 to resolve the issue, on October 6, the United States filed a dispute settlement case with the WTO. The United States claimed that EU and member state subsidies to Airbus are inconsistent with their obligations under the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the General Agreement on Tariffs and Trade 1994 (GATT 1994).[27] In announcing the WTO case, USTR said that the 1992 Agreement on Large Civil Aircraft "has outlived its usefulness" and announced U.S. withdrawal from the agreement.[28]

Hours later on October 6, the EU announced the initiation of a WTO dispute settlement case against the United States.[29] The EU claimed that the United States provides subsidies to the U.S. aircraft industry and that such subsidies are inconsistent with the SCM Agreement and GATT 1994.[30] The EU also rejected U.S. termination of the 1992 Agreement on Large Civil Aircraft.[31]

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[25] Ibid.

[26] EC, "US-Boeing: EU Takes US to the WTO Over Subsidies Granted to Boeing," press release IP/04/1191, Oct. 6, 2004; and EC, "EU-US Agreement on Large Civil Aircraft 1992: Key Facts and Figures," Memo/04/232, Oct. 6, 2004.

[27] WTO, "European Communities and Certain Member States–Measures Affecting Trade in Large Civil Aircraft, Request for Consultations by the United States," WT/DS316/1, Oct. 12, 2004.

[28] USTR, "U.S. Files WTO Case against EU over Unfair Airbus Subsidies," press release, Oct. 6, 2004.

[29] EC, "US-Boeing: EU Takes US to the WTO over Subsidies Granted to Boeing," press release IP/04/1191, Oct. 6, 2004.

[30] WTO, "United States—Measures Affecting Trade in Large Civil Aircraft, Request for Consultations by the European Communities," WT/DS317/1, Oct. 12, 2004.

[31] EC, "US-Boeing: EU Rejects US Unilateral Abrogation of the 92 Aircraft Agreement," press release IP/04/1198, Oct. 8, 2004.

Following discussions between USTR Zoellick and incoming EU Trade Commissioner Mandelson, on January 11, 2005, both sides reached an agreement on the terms for the negotiation of a new aircraft agreement. The terms called for the negotiation of a comprehensive agreement within three months to end subsidies to producers of large civil aircraft. The parties agreed that the new accord would (1) be bilateral and concern Airbus on the EU side and Boeing on the U.S. side, (2) be based on the definition of subsidies in the SCM, (3) include provisions on transparency and dispute settlement, (4) include the terms and conditions for withdrawal from the agreement, and (5) provide for a review of the operation of the agreement in one year from its entry into force. Both sides agreed that following conclusion of an agreement, they would work to broaden the agreement to include other countries. The parties also agreed that during the negotiations, they would not request establishment of WTO panels relating to the pending disputes and would not commit new government support for aircraft development or production.[32]

Canada

Two-way merchandise trade between the United States and Canada was valued at over $1 billion a day during 2004—the largest bilateral trade flow in the world between two countries.[33] Following two years of decline during 2001-02, total U.S. trade with Canada increased during 2003-04. U.S. exports of goods to Canada totaled $163.2 billion in 2004, a $14.4 billion increase (9.7 percent) from 2003, while U.S. imports of goods totaled $255.7 billion in 2004, an increase of nearly $32 billion (14.1 percent) from 2003. The leading U.S. exports to Canada in 2004 were major motor vehicle products, including parts and accessories of bodies for motor vehicles, passenger motor vehicles, parts and accessories for motor vehicles, and piston engines. The leading U.S. imports from Canada during 2004 included passenger motor vehicles, natural gas, and crude petroleum. The U.S. trade deficit with Canada was $92.5 billion, a 22.9 percent increase from 2003. U.S.-Canadian merchandise trade data are shown in appendix tables A-19 through A-21.[34]

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[32] USTR, "Statement of U.S. Trade Representative Robert B. Zoellick Regarding U.S.-EU Agreement on Terms for Negotiation to End Subsidies for Large Civil Aircraft," press release, Jan. 11, 2005; and EC, "EU/US Agreement on Terms for Negotiation to End Subsidies for Large Civil Aircraft," MEMO/05/4, Jan. 11, 2005. The two sides did not reach an agreement by the Apr. 11, 2005 deadline. In a statement issued on Apr. 8, USTR warned that should the EU provide additional subsidies to Airbus, the United States would proceed with the WTO dispute settlement case. On May 31, 2005, the United States requested that establishment of a WTO dispute settlement panel "in light of the EU's unwillingness to halt new subsidies for large civil aircraft." USTR, "United States takes Next Step in Airbus WTO Litigation," May 30, 2005. On the same day, the EU requested establishment of a panel to examine subsidies granted to Boeing. EC, "EU Resumes WTO Case Against Boeing," IP/05/638, May 31, 2005.

[33] USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[34] U.S. trade with NAFTA partners is shown in table 4-2.

U.S.-Canadian commercial relations are governed in large part by NAFTA, which provided duty-free status for substantially all goods originating in the United States and Canada.[35] The major trade-related issue in 2004 between the United States and Canada continued to involve softwood lumber and related trade disputes, following the expiration of the softwood lumber agreement on April 1, 2001, a bilateral agreement between the two countries governing trade in that sector.

Agriculture

Canada is the foremost market for U.S. food and agricultural exports, reaching nearly $10 billion in 2004. Agricultural matters continued to figure prominently in U.S.-Canada trade relations during 2004. The U.S.-Canada Consultative Committee, a body created in 1998 to strengthen bilateral agricultural relations and provide a forum for discussion and cooperation on related matters, met twice during 2004 to discuss a variety of agricultural issues. Differences over a number of these issues have been brought to the dispute settlement system at the WTO, of which both countries are members.

WTO Dispute over Softwood Lumber Products from Canada

During 2004, the United States was involved in a number of softwood lumber disputes before binational panels under NAFTA Chapter 19 ("NAFTA panels"), and before the WTO. The disputes concerned antidumping and countervailing duty orders imposed on Canadian softwood lumber imports in May 2002, after the U.S. Department of Commerce ("Commerce") found that such imports were both subsidized by the Government of Canada and sold in the United States at less than fair value,[36] and the Commission issued an affirmative threat of material injury determination.[37] Commerce found a country-wide countervailable subsidy of 18.79 percent,[38] and

[35] NAFTA evolved from a bilateral free trade agreement, the United States-Canada Free Trade Agreement (CFTA). CFTA entered into force on Jan. 1, 1989, and allowed for successive duty reductions over a 10-year period. CFTA was subsumed into NAFTA when the latter entered into force on Jan. 1, 1994. The timetable for duty reductions, as well as most of the terms of the CFTA, were incorporated into NAFTA. The bilateral phaseout of duties under NAFTA was completed on Jan. 1, 1998. Duty-free status exists for most bilaterally traded goods, except for certain supply-managed products in Canada and dairy, sugar, peanuts, and cotton in the United States. NAFTA developments are described in chapter 4 of this report.

[36] *Notice of Amended Final Determination of Sales at Less than Fair Value and Antidumping Duty Order: Certain Softwood Lumber Products from Canada*, Case No. A-122-838, 67 *FR* 36068 (May 22, 2002); *Notice of Amended Final Affirmative Countervailing Duty Determination and Notice of Countervailing Duty Order: Certain Softwood Lumber Products from Canada*, Case No. C-122-839, 67 *FR* 36070 (May 22, 2002).

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

[38] *Notice of Countervailing Duty Order*, 67 *FR* 36076.

margins of dumping ranging from 2.18 percent to 12.44 percent.[39] Canadian softwood lumber producers, joined by the Canadian federal and provincial governments, challenged Commerce's subsidization and dumping determinations and the Commission's injury determination before separate NAFTA panels, and the Canadian government challenged each of the determinations before WTO dispute settlement panels.

As of the end of 2003, the NAFTA panels had issued decisions affirming the determinations in part, but also remanding them with instructions for the agencies to address certain legal and factual issues.[40] Commerce issued its first remand determination for the antidumping NAFTA panel review in October 2003,[41] and the Commission issued its first remand determination in the injury NAFTA panel review in December 2003.[42]

The WTO panel reviewing Commerce's affirmative countervailing duty determination issued its report in August 2003, finding the determination inconsistent in part with U.S. obligations under the WTO Agreement.[43] The United States appealed the panel's findings to the WTO Appellate Body on October 21, 2003. The case before the WTO Appellate Body in the countervailing duty dispute, and those before the WTO panels in the other two softwood lumber disputes, were pending at year's end. Major developments relating to these six disputes during 2004 are summarized below.

2004 NAFTA Panel Decisions

Antidumping determination

The NAFTA panel reviewing Commerce's antidumping determination issued its second decision on March 5, 2004, affirming Commerce's remand determination in part, but remanding on three discrete issues concerning the calculation of antidumping margins for certain Canadian softwood lumber producers.[44] Commerce issued its second

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[39] *Notice of Antidumping Duty Order*, 67, *FR* 36069.

[40] *See* Decision of the Panel, *In the Matter of Certain Softwood Lumber Products from Canada: Final Affirmative Antidumping Determination*, Sec. File No. USA-CDA-2002-1904-02 (July 17, 2003); Decision of the Panel, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (Aug. 13, 2003); Decision of the Panel, *In the Matter of Certain Softwood Lumber Products: Final Affirmative Threat of Material Injury Determination*, Sec. File No. USA-CDA-2002-1904-07 (Sep. 5, 2003).

[41] *See* Remand Redetermination, *In the Matter of Certain Softwood Lumber Products from Canada: Final Affirmative Antidumping Determination*, Sec. File No. USA-CDA-2002-1904-02 (Oct. 16, 2003).

[42] See USITC, *Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC publication No. 3658, Dec. 2003.

[43] *See* Report of the Panel, *United States—Final Countervailing Duty Determination with Respect to Certain Softwood Lumber from Canada*, WT/DS267/R, Aug. 29, 2003.

[44] *See* Decision of the Panel Respecting Remand Redetermination, *In the Matter of Certain Softwood Lumber Products from Canada: Final Affirmative Antidumping Determination*, Sec. File No. USA-CDA-2002-1904-02 (Mar. 5, 2004), found at *http://www.nafta-sec-alena.org*.

remand determination on April 21, 2004, which calculated lower antidumping margins for the three companies.[45] Parties to the panel review challenged Commerce's second remand determination before the NAFTA panel on various grounds. The NAFTA panel held a hearing on the matter on September 28, 2004.

Countervailing duty determination

The NAFTA panel remanded Commerce's original countervailing duty determination on August 13, 2003 to address the panel's concerns with the methodology for calculating the benefit conferred on Canadian softwood lumber producers through provincial Crown stumpage programs.[46]

Commerce issued a remand determination on January 12, 2004, that replaced the cross-border benchmark of the original determination with a new benchmark, reducing the country-wide subsidy rate to 13.23 percent.[47] After Commerce's new methodology was challenged, the NAFTA panel issued a second decision on June 7, 2004 affirming the new methodology, but remanding for specific adjustments.[48]

In its second remand determination of July 30, 2004, Commerce further reduced the country-wide subsidy rate to 7.82 percent.[49] After this remand determination was challenged, the panel issued a third decision on December 1, 2004, remanding for Commerce to address its concerns regarding adjustments to the methodology.[50] Commerce issued a third remand determination on January 24, 2005 that reduced the country-wide subsidy rate to 1.88 percent.[51] As of April 1, 2005, the panel had not issued its decision on the challenges to the latest remand determination.

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[45] *See* Second Remand Redetermination, *In the Matter of Certain Softwood Lumber Products from Canada: Final Affirmative Antidumping Determination*, Sec. File No. USA-CDA-2002-1904-02 (Apr. 21, 2004), found at *http://ia.ita.doc.gov*.

[46] *See* Decision of the Panel, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (Aug. 13, 2003). In Canada, Crown corporations are operated by the federal government and provincial governments as a means to pursue economic and social policy objectives. In theory, they are operated at an arm's length commercial basis from the government. Stumpage programs are the primary means by which federal or provincial governments grant timber harvesting rights from forest land held by a Crown corporation to individuals or companies, essentially granting a license to cut timber but one that also includes obligations such as road maintenance or reforestation requirements as well as the right to cut timber. The United States has long argued that provincial stumpage programs involving Crown corporation forest land constitutes a countervailable subsidy that provides a financial benefit to the harvesters of Crown timber.

[47] *See* Remand Determination, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (Jan. 12, 2004), found at *http://ia.ita.doc.gov*.

[48] *See* Decision of the Panel, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (June 7, 2004).

[49] *See* Second Remand Determination, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (July 30, 2004), found at *http://ia.ita.doc.gov*.

[50] *See* Decision of the Panel on Second Remand, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (Dec. 1, 2004).

[51] *See* Third Remand Determination, *In the Matter of Certain Softwood Lumber from Canada: Final Affirmative Countervailing Duty Determination*, Sec. File No. USA-CDA-2002-1904-03 (Jan. 24, 2005), found at *http://ia.ita.doc.gov.*

Threat of material injury determination

The NAFTA panel's first decision of September 5, 2003 affirmed the Commission's original affirmative threat of material injury determination in part, and remanded in part.[52] The Commission issued an affirmative threat of material injury determination on remand on December 15, 2003.[53] After this remand determination was appealed, the panel on April 29, 2004, affirmed the Commission's determination in part, but remanded a number of issues regarding the Commission's threat findings.[54]

The Commission issued an affirmative threat of material injury determination on second remand on June 10, 2004.[55] On August 31, 2004, in issuing its third decision, the panel "preclude[d] the Commission on remand from undertaking yet another analysis of the substantive issues" and remanded the case to the Commission "for the Commission to make a determination consistent with the decision of this Panel that the evidence on the record does not support a finding of threat of material injury."[56] Recognizing that the "Panel's Decision and Order can only be seen as a reversal of the Commission's affirmative determination of threat of material injury," the Commission majority issued "a determination, consistent with the Panel's decision, that the U.S. softwood lumber industry is not threatened with material injury by reason of subject imports from Canada."[57] The Commission noted that "because the Panel has precluded the Commission from engaging in any analysis of substantive issues, the Commission has not reached and cannot reach any determination regarding whether there is substantial evidence to support this negative determination."[58] The NAFTA panel upheld the Commission's third remand determination and issued a notice of final panel action on October 25, 2004.[59] The Chapter 19 panel's material injury decision became the subject of an extraordinary challenge requested by the United States on November 24, 2004, under Annex 1904.13 of NAFTA.[60]

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[52] *See* Decision of the Panel, *In the Matter of Certain Softwood Lumber Products: Final Affirmative Threat of Material Injury Determination*, Sec. File No. USA-CDA-2002-1904-07 (Sep. 5, 2003).

[53] *See Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC publication No. 3658, Dec. 2003.

[54] *See* Remand Decision of the Panel, *In the Matter of Certain Softwood Lumber Products: Final Affirmative Threat of Material Injury Determination*, Sec. File No. USA-CDA-2002-1904-07 (released on Apr. 29, 2004).

[55] *See Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand) (Second) (June 10, 2004).

[56] *See* Second [sic] Remand Decision of the Panel, *In the Matter of Certain Softwood Lumber Products: Final Affirmative Threat of Material Injury Determination*, Sec. File No. USA-CDA-2002-1904-07 (Aug. 31, 2004) at 4 and 6.

[57] *See* Views of the Commission in Response to the Panel Decision and Order of August 31, 2004, at 13 (Sept. 10, 2004) Chairman Koplan dissented from the majority determination and reaffirmed his prior affirmative threat determination. *See* Dissenting Views of Chairman Koplan.

[58] USITC, "ITC Files Response to Softwood Lumber Binational Panel Decision with NAFTA Secretariat," USITC news release 04-100, Sept. 10, 2004.

[59] *See* Status Report of Panel Proceedings, NAFTA Secretariat website, found at *http://www.nafta-sec-alena.org.*

[60] *See* Active Extraordinary Challenge Committee Proceedings, NAFTA Secretariat website, found at *http://www.nafta-sec-alena.org.*

WTO Dispute over Canadian Wheat Board and Treatment of Imported Grain

The Canadian Wheat Board (CWB) operates as a state trading enterprise with government-sanctioned authorities that the United States believes restricts competition.[61] In 2003, the United States requested a WTO dispute settlement panel to examine Canadian measures relating to exports of wheat and the treatment of imported grain as handled by the CWB, including claims related to access for U.S. exports of grain to Canada's rail transportation system.[62]

In April 2004, the WTO panel issued its report, which found that:

- The United States failed to establish its claim that Canada had breached its obligations under GATT Article XVII:1 with respect to the CWB; and

- The United States failed to establish its claim that section 87 of the Canada Grain Act was inconsistent with GATT Article III:4 and Article 2 of the Trade-Related Investment Measures Agreement.[63]

The panel also found that:

- Section 57(c) of the Canada Grain Act and Section 56(1) of the Canada Grain Regulations were inconsistent with GATT Article III:4 and were not justified under GATT Article XX(d); and

- Sections 150(1) and (2) of the Canada Transportation Act were inconsistent with GATT Article III:4.[64]

In June 2004, the United States notified the WTO that it would appeal certain issues of law and legal interpretation in the panel report. The WTO Appellate Body issued its report in August 2004, which upheld the panel report conclusions.[65] The Appellate Body report and panel report, as modified, were adopted in September 2004. In November 2004, the United States and Canada agreed on roughly a 10-month time period in which to bring into compliance those regulations found by the panel to be inconsistent with Canada's GATT obligations, that is, by August 1, 2005.

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[61] U.S. Department of State telegram, "2004 National Trade Estimate Report—Canada," message reference No. 3698, prepared by the U.S. Embassy, Ottawa, Dec. 24, 2003.

[62] For further detail, see USITC, *The Year in Trade 2001: OTAP, 2001*, USITC publication 3510, May 2002, pp. 4-14 to 4-15.

[63] WTO, "WT/DS276—Canada—Measures Relating to Exports of Wheat and Treatment of Imported Grain Complaint by the United States," *Update of WTO Dispute Settlement Cases*, WT/DS/OV/22, Oct. 14, 2004.

[64] Ibid.

[65] Ibid.

WTO Dispute over U.S. Determination Concerning Hard Red Spring Wheat

The U.S. Department of Commerce determined in 2003 that Canadian exports of hard red spring wheat to the United States were both subsidized and dumped. In October 2003, Commerce imposed antidumping duties of 8.87 percent and countervailing duties of 5.29 percent.[66] Following a request from the Canadian government, the United States and Canada held consultations in May 2004 on Canadian concerns about the consistency of the U.S. measures with U.S. obligations under the GATT 1994, the Anti-Dumping Agreement, and the Subsidies and Countervailing Measures Agreement, but the consultations failed to resolve the matter.[67] In June 2004, Canada requested a WTO dispute settlement panel to examine certain aspects concerning the U.S. investigation and determination regarding hard red spring wheat from Canada.[68] The United States responded that Canada's claims lacked merit and that the United States was not in a position at present to accept the establishment of a panel. The DSB agreed to take up this matter of establishment of a panel at its next meeting.[69] In July 2004, Canada requested the DSB to withdraw the request for the establishment of a panel regarding the U.S. investigation and determination regarding hard red spring wheat from Canada, but noted that Canada reserved its right to include the request on the agenda of a future DSB meeting as a second request for consideration.[70]

Intellectual Property Rights

Canada's 1997 Copyright Act includes two provisions that require reciprocal treatment rather than national treatment.[71] The first provision concerns a neighboring rights royalty, paid by broadcasters and distributed to artists. Canada's copyright law guarantees payment of the royalty to artists from countries that have signed the 1961 Rome Convention. U.S. artists do not receive these royalty payments under Canada's reciprocal treatment provision because the United States is not a signatory to the Rome Convention. Canadian authorities have not ruled on whether the United States should receive royalty payments based on national treatment status.

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[66] 68 *FR* 52741, Sept. 5, 2003, 68 *FR* 60641, Oct. 23, 2003 and USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[67] WTO, DSB, "United States—Determination of the International Trade Commission in Hard Red Spring Wheat from Canada—Request for the Establishment of a Panel by Canada," WT/DS310/2, June 11, 2004.

[68] Ibid.

[69] WTO, DSB, "Minutes of Meeting—Held in the Centre William Rappard on 22 June 2004," WT/DSB/M/171, July 9, 2004.

[70] WTO, DSB, "Removal of Panel Request from the Agenda," WTO News: 2004 News Items—Dispute Settlement Body 20 July 2004, found at *http://www.wto.org*, retrieved June 21, 2005.

[71] U.S. Department of State telegram, "2004 National Trade Estimate Report–Canada," message reference No. 3698, prepared by the U.S. Embassy, Ottawa, Dec. 24, 2003; U.S. Department of State, "Canada—Investment Climate Statement Appendix, 2004," prepared by U.S. Embassy, Ottawa, message reference No. 1749, July 8, 2004.

The second provision concerns a levy on blank tapes and diskettes, the so-called private copy levy, paid by manufacturers and importers of blank recording media and distributed to artists from countries that provide an equivalent payment to Canadian artists. The levy covers analog and digital tapes and diskettes, and since December 2003, MP3 players as well. Canada's copyright law requires reciprocal treatment, rather than national treatment, for distribution of the private copy levy. Although the United States imposes a levy on digital audio recording media, distributing the proceeds to Canadian as well as other artists, it does not impose a levy on analog tape. As a consequence, the United States considers Canada's reciprocity requirement for both the neighboring rights royalty and the blank tape levy as denying national treatment to U.S. copyright holders.[72]

In March 2004, a Canadian court ruled that downloading music from the Internet does not constitute copyright infringement.[73] The Federal Court of Appeals denied a motion to compel Internet service providers to disclose the identity of clients who were alleged to be sharing copyrighted music files, using so-called peer-to-peer software. The recording industry is appealing the court's decision, although Canadian ratification of the WIPO Copyright Treaty—under consideration by the Parliament—would remedy this problem.[74]

North American Initiative

During its first 10 years in operation, trade among NAFTA partners doubled in volume and in value. However, the U.S. Department of State has expressed the view that further growth is likely to be constrained unless both strained border infrastructure and regulatory differences that impede the entry of new products onto the market and limit consumer choice are addressed.[75]

In September 2004, the Canadian External Advisory Committee on Smart Regulation released its final report, which highlighted that North American technical standards and regulatory regimes should be a priority for Canadian regulators.[76] The committee recommended that Canada develop an agenda for North American regulatory cooperation, whereby regulatory requirements in Canada should differ from North

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[72] Ibid.

[73] USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005.

[74] USTR, "Canada," *2005 National Trade Estimate Report on Foreign Trade Barriers*, March 2005, p. 57.

[75] U.S. Department of State, "Smart Regulation in Canada: Implications for Canada and the North American Initiative," prepared by U.S. Embassy, Ottawa, message reference No. 418, Feb. 10, 2005.

[76] U.S. Department of State telegram, "Summit Agenda on Common Prosperity: Thoughts on Next Steps on the Regulatory Front," Dec. 21, 2004, message reference No. 3431, prepared by U.S. Embassy, Ottawa.

American or international norms only where unique Canadian national priorities, conditions, or constitutional issues arise. The committee proposed that groups of interested parties ("stakeholders") from multiple perspectives be formed to identify regulatory differences in five priority areas: (1) manufacturing/product approval; (2) biotechnology/life sciences; (3) enabling economic development for the indigenous peoples of North America; (4) environmental assessment processes; and (5) oil and gas exploration and development.[77]

At the U.S.-Canada bilateral summit on November 30, 2004, the U.S. President and Canadian Prime Minister agreed to an agenda that committed both sides to joint approaches to "partnerships, consensus standards, and smarter regulations that result in greater efficiency and competitiveness" designed to enhance the health and safety of citizens in both countries.[78]

Mexico

Mexico maintained its position in 2004 as the third-largest U.S. trading partner after the European Union and Canada, and before China. U.S. exports to Mexico were valued at $93.0 billion in 2004, a 11.9 percent increase from $83.1 billion in 2003 and an 8.1 percent increase from $86.1 billion in 2002. U.S. imports from Mexico in 2004 were valued at $155.0 billion, a 12.9 percent increase from $137.2 billion in 2003 and a 15.5 percent increase from $134.1 billion in 2002. The U.S. merchandise trade deficit with Mexico amounted to $61.9 billion in 2004, widening from $54.1 billion in 2003 and $48.0 billion in 2002. U.S. exports to Mexico increased in most major product categories. Machinery and transportation equipment continued to be the largest groups in this trade flow. U.S. imports from Mexico were up in all product categories, including the largest ones: manufactures, chemicals, and mineral fuels. Higher petroleum prices accounted for some 20 percent of the increase in the value of U.S. imports from Mexico in 2004. U.S.-Mexican merchandise trade data are shown in appendix tables A-22 through A-24. For the most part, the rise in imports from Mexico in 2004 reflects the expansion of the U.S. economy and growing use of assembly services in Mexico by U.S. manufacturers.

During 2004, a long-running bilateral dispute regarding telecommunications practices in Mexico was resolved by the conclusion of a WTO dispute settlement proceeding. However, other issues remained open, including issues relating to bilateral trade in sweeteners,[79] a U.S. dispute settlement complaint in the WTO about

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[77] Ibid.
[78] Ibid.
[79] For background, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, Aug. 2003, pp. 5-15 to 5-17.

Mexican dumping duties on U.S. beef and long-grain white rice,[80] Mexican complaints regarding delay in U.S. implementation of the cross-border trucking provisions under NAFTA,[81] and Mexico's concern about agricultural imports from the United States.[82]

Nonetheless, some developments occurred during the year in the unresolved areas noted above. In June, the United States requested the WTO to establish a dispute settlement panel to review the legality of the 20 percent tax Mexico had imposed in 2002 on domestic producers of soft drinks and other beverages that use sweeteners other than cane sugar, including U.S. high-fructose corn syrup (HFCS).[83] The United States contends that the beverage tax violates Mexico's WTO obligations because it discriminates against U.S. products such as HFCS that compete directly with the use of sugar in producing beverages.[84] Mexico was also retaliating against the limits the United States imposes on imports of cane sugar from Mexico. The tax, which the United States claims to be inconsistent with Mexico's international trade obligations, has sharply restricted U.S. exports of HFCS to Mexico.[85]

With regard to the cross-border trucking dispute, on June 7, 2004 the U.S. Supreme Court overturned a January 2003 ruling of the U.S. Ninth Circuit Court of Appeals that had determined that opening highways to Mexican trucks without conducting air-quality impact studies violated U.S. environmental law. The U.S. Supreme Court upheld the authority of Congress and the U.S. administration to implement those NAFTA provisions that required the United States, effective January 1, 2000, to give full access to Mexican trucks throughout the United States.[86]

Telecommunications Services

In June 2004, the United States and Mexico reached an agreement regarding telecommunications practices in Mexico.[87] This accord was preceded by a WTO panel ruling, released on April 2, 2004, that agreed with the United States' view that

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[80] See, USITC, *The Year in Trade, OTAP, 2003*, USITC publication 3700, July 2004, p. 5-15.

[81] For background, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, August 2003, pp. 5-17 to 5-19.

[82] For background, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, August 2003, pp. 5-11 to 5-15, and *The Year in Trade: OTAP, 2003*, USITC publication 3700, July 2004, pp. 5-13 to 5-14.

[83] USTR, "United States Requests WTO Panel Against Mexico Over Beverage Taxes," press release, June 22, 2004. For background on the issue, see USITC, *The Year in Trade: OTAP, 2002*, USITC publication 3630, Aug. 2003, pp. 5-15 to 5-17.

[84] Ibid. The Government of Mexico believes that the United States should significantly increase sugar quotas allocated to Mexico. The HFCS dispute and the issue of Mexico's duty-free access to the U.S. sugar market are both part of the bilateral issue on sweeteners. (For more detail, see prior OTAP reports.)

[85] Ibid.

[86] Paul Blustein, "High Court Opens U.S. Roads to Mexican Trucks," *Washington Post*, June 8, 2004, p. E1.

[87] USTR, "U.S. and Mexico Reach Agreement to Resolve Telecom Dispute," press release, 04-46, June 1, 2004.

Mexico's current regime for international telecommunications was inconsistent with that country's WTO obligations.[88] The WTO DSB adopted the panel ruling during its June 1, 2004 meeting.[89]

USTR estimates the annual volume of telecommunications traffic between the two countries at over six billion minutes, representing services worth more than $2 billion.[90] Market barriers in Mexico's telecommunications sector had been a long-term source of concern for the United States. The dispute centered on Mexican regulations that governed the operations of Teléfonos de Mexico (Telmex), Mexico's largest telecommunications company and its former state-owned telecommunications monopoly. Interconnection fees imposed by Telmex on companies that had to connect with Telmex to complete long distance calls from the United States to Mexico were specifically at issue. As a result of these interconnection fees, wholesale telecommunications rates for U.S.-Mexico telephone calls had been significantly above the rates charged in countries with competitive telecommunications markets.[91] The previous USITC report in this series summarized the major U.S. arguments in this case.[92]

The conclusion of a telecommunications agreement and the terms of this accord were announced by the United States and Mexico at the June 1, 2004 DSB meeting. Mexico agreed to remove several regulations that restricted foreign operators' access to its telecommunications market and that allowed Telmex to charge such operators excessively high interconnection rates for the use of its infrastructure.[93] Mexico also agreed to provide Mexican-based carriers the right to resale services[94] for international long distance calls by July 2005 in a manner consistent with Mexican law.[95] On the other hand, in accordance with the panel's support of one of Mexico's arguments, Mexico will continue to prevent foreign firms that do not have a commercial presence in Mexico from using leased lines.[96]

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[88] See USTR, "U.S. Wins Telecommunications Case Against Mexico in WTO," press release, 04-17, Mar. 12, 2004; and USITC, *The Year in Trade, 2003, OTAP,* USITC publication 3700, July 2004, pp. 5-16 to 5-17.

[89] U.S. Department of State telegram, "Report of the DSB Meeting of June 1, 2004," message reference number 01612, prepared by U.S. Mission, Geneva, June 7, 2004.

[90] USTR, "U.S. and Mexico Reach Agreement to Resolve Telecom Dispute," press release 04-46, June 1, 2004.

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

[92] See USTR, "U.S. Wins Telecommunications Case against Mexico in WTO," press release, 04-17, Mar. 12, 2004, and USITC, *The Year in Trade, 2003: OTAP,* USITC publication 3700, July 2004, pp. 5-16 to 5-17.

[93] U.S. Department of State telegram, "Report of the DSB Meeting of June 1, 2004," message reference number 01612, prepared by U.S. Mission, Geneva, June 7, 2004.

[94] Under a resale practice known as "bypass," foreign telecommunications operators use leased lines in Mexico to complete calls originating in the United States, bypassing the local exchange operator, and avoiding fees for the use of the network.

[95] USTR, "U.S. and Mexico Reach Agreement to Resolve Telecom Dispute," press release 04-46, June 1, 2004.

[96] U.S. Department of State telegram, "Report of the DSB Meeting of June 1, 2004," message reference number 01612, prepared by U.S. Mission, Geneva, June 7, 2004.

NAFTA's Effects on Mexico's Agricultural Imports from the United States

Mexico's 2003 National Agreement on Agriculture (NAA), an agreement between the Government of Mexico and Mexican farmers' organizations, stated that the Mexican government and Mexican agricultural producer groups would conduct a joint evaluation of the NAFTA agricultural chapter and its effect on Mexico's rural sector.[97] The Government of Mexico released this evaluation on April 4, 2004.[98] The report stated that a direct causal relationship between NAFTA and Mexico's agricultural problems was difficult to establish because the sector's structural problems existed well before NAFTA was implemented.[99] The study described Mexican agricultural production units as ranging from small-scale subsistence farms to large, sophisticated operations. However, the majority of farmers still fall into the subsistence or semi-commercialized category and suffer from a chronic shortage of credit and investment.[100]

The report emphasized the gains Mexican agriculture made in the last 10 years in producing fruit and legumes resulting from improved access to North American markets. However, it found that Mexico's dependence on foreign food in general also increased during this period, and that "[o]n the whole, most rural workers and small producers are poorer at present than they were at the beginning of the 1990s."[101] The report further concluded that the opening of trade by NAFTA, as well as the appreciation of the peso, which encouraged imports and curtailed exports, reduced Mexican farm sector employment while the rest of the economy was unable to absorb the newly unemployed agricultural workers.[102] Moreover, the report said that the Mexican government extended insufficient compensation to those farmers who were adversely affected by the opening of trade. This was especially true, the report said, when comparing the level of support provided to farmers in Mexico with that granted by some foreign governments.[103]

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[97] For background on the NAA, see also USITC, *The Year in Trade: OTAP, 2003*, USITC publication 3700, July 2004, pp. 5-14.

[98] Jose Romero y Alicia Puyana, "Evaluación Integral de los Impactos e Instrumentación del Capítulo Agropecuario del TLCAN" ("Full Evaluation of the Impacts and Implementation of the Agriculture Chapter of NAFTA.") Their report was officially released in Spanish by the Government of Mexico on Apr. 4, 2004 (*TLCAN-Documento.pdf*, retrieved on Jan. 18, 2005). No complete English translation exists, but it was summarized and analyzed in English by USDA, FAS, "Summary of Mexican Government Study on the Effects of NAFTA on Mexican Agriculture," *Gain Report* MX4070, June 7, 2004, found at *http://www.fas.usda.gov*, retrieved Aug. 11, 2004.

[99] See also Secretaria de Agricultura (SAGARPA), and Secretaria de Economia, (SE), *Joint Press Release,* No. 089/04, Apr. 5, 2004, found at *http://www.sagarpa.gob.mx*, retrieved on Jan. 14, 2005.

[100] Ibid.

[101] USDA, FAS, "Summary of Mexican Government Study on the Effects of NAFTA on Mexican Agriculture," *Gain Reports* MX4070.

[102] Ibid.

[103] Ibid.

During 2004, Mexican farmers continued to challenge their government for not urging trading partners to renegotiate certain NAFTA provisions, especially those regarding imports of corn and dry, edible beans.[104] In November, Javier Usabiaga, Mexico's Secretary of Agriculture, pointed out that NAFTA does not have a provision that would allow renegotiating its terms.[105]

Imports of Genetically Modified Corn

In Mexico, the use of transgenic (genetically modified) corn (maize) for food is legal, but planting such corn is not allowed. On November 8, 2004, the North American Commission for Environmental Cooperation (CEC) released the final draft of a report titled "Maize and Biodiversity; The Effects of Transgenic Maize in Mexico; Key Findings and Recommendations."[106] The CEC report addressed problems associated with the discovery of transgenic corn growing in Mexico alongside other strains of the grain. The report found no current risk from imported transgenic corn, but warned of potential future threats to Mexican crops, saying that:

> The Mexican government should strengthen the moratorium on commercial planting of transgenic maize by minimizing the import of living transgenic maize from countries that grow transgenic maize commercially. For example, some countries have addressed this problem by milling transgenic grain at the point of entry.[107]

The report recommended that the corn Mexico imports from the United States and Canada, if not certified to be free of genetic modification, be directed to mills for processing before it becomes available for any use other than consumption,[108] such as planting and growing. It further recommended that farmers be educated to avoid planting seeds that could contain genetically modified seed, and that corn imports be labeled for their transgenic content.[109]

The report was not officially endorsed by the NAFTA Council, or the Governments of the United States, Canada, or Mexico even though it was released by CEC.[110] Nonetheless, the report was accepted by the Mexican government since it addressed concerns expressed by Mexican farmers and environmental groups that transgenic corn would contaminate local strains. SEMARNAT, Mexico's Environmental Department said that it already had implemented some measures recommended by the CEC, including a program to distribute pamphlets on transgenic corn to rural areas.[111]

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[104] *La Jornada*, Sept. 1, 2004.

[105] *El Financiero,* Nov. 29, 2004.

[106] Article 13 of the North American Agreement on Environmental Cooperation stipulates that the CEC Secretariat may prepare a report on any matter within the scope of the CEC annual program.

[107] CEC Secretariat, "Maize and Biodiversity, The Effects of Transgenic Maize in Mexico; Key Findings and Recommendations," Nov. 8, 2004," found at *http://www.cec.org*, retrieved Dec. 15, 2004.

[108] Mexico imports corn mostly to be used as animal feed.

[109] CEC Secretariat, "Maize and Biodiversity."

[110] Ibid.

[111] *El Financiero*, Sep. 11, 2004. and *El Universal*, Sep. 11, 2004.

However, USTR, jointly with the Environmental Protection Agency, responded immediately with strong criticism of the report:

> This report is fundamentally flawed and unscientific; key recommendations are not based on sound science, and are contradicted by the report's own scientific findings. The authors acknowledge that no economic analysis of their recommendations was conducted, and that many of these recommendations are based solely on socio-cultural considerations.[112]

The USTR further emphasized:

> Implementing many of the report's recommendations would cause economic harm to farmers and consumers in all NAFTA countries and restrict international trade. For example, requiring U.S. corn exports to Mexico to be milled at the border would increase the cost of U.S. corn significantly, negatively affecting Mexico's livestock producers and consumers. Milling corn before transport also raises quality concerns and increases shipping costs, exacerbating the problem. Perhaps most troubling, the report itself acknowledges that this and other recommendations would do nothing to preserve maize biodiversity.[113]

China

China is the third largest two-way trading partner of the United States behind Canada and Mexico. In 2004, U.S.-China two-way merchandise trade totaled $228.8 billion, an increase of 28.3 percent compared with 2003, and nearly double the growth rate of total U.S. trade. U.S. exports of goods to China in 2004 were valued at $32.6 billion, a 22.1 percent increase from 2003. U.S. imports of goods from China were valued at $196.2 billion in 2004, an increase of 29.4 percent from 2003. The United States recorded a $163.6 billion merchandise trade deficit with China in 2004, compared to a deficit of $124.9 billion in 2003. Leading U.S. exports to China during 2004 included soybeans, integrated circuits, aircraft, cotton, machines and mechanical appliances having individual function, and wheat. Leading U.S. imports from China included computer input and output units, parts, and accessories; portable automatic data processing machines; transmission apparatus; footwear; and video recording devices. U.S.-China merchandise trade data are shown in appendix tables A-25 through A-27.

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[112] USTR, "U. S. Calls NAFTA Environmental Report Flawed, Unscientific," press release, Nov. 8, 2004.

[113] Ibid.

China's compliance with the terms of its accession to the WTO remained a major focus of the U.S.-China trade relationship in 2004, which is discussed below. Other issues during the year included actions addressing U.S. imports of Chinese textiles and apparel under the special textile safeguard mechanism[114] and investigations under the China-specific safeguard mechanism (section 421 of the Trade Act of 1974).[115] Also, U.S. Government officials continued to urge China to move away from its policy to peg its currency to the U.S. dollar, to a policy supporting a flexible, market-driven exchange rate.[116]

U.S. Assessment of China's WTO Compliance in 2004

China became a member of the WTO in 2001. In its WTO accession agreement, China made commitments covering a large number of areas, including import and export regulations, internal policies affecting trade (such as taxation and subsidies), investment, agriculture, intellectual property rights (IPR), services, the legal trade framework, and trading rights and distribution services. Implementation of these commitments is scheduled to be substantially completed by December 11, 2007.

USTR is required to report annually to Congress on China's compliance with its WTO commitments. In its report covering 2004, USTR reported that "U.S. stakeholders were significantly more satisfied with China's WTO performance in 2004 than in the previous two years. . . . [however,] serious problems remain, and new problems regularly emerge."[117] In particular, USTR cited China's slow implementation of its WTO commitments "in many areas of U.S. competitive advantage, particularly where innovation or technology play a key role,"[118] such as government procurement of software and telecommunications standards. USTR cited four areas that continue to generate significant concerns: intellectual property rights, services, agriculture, and industrial policies.[119] These are discussed below.

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[114] For more information, see the section on the U.S. textile and apparel trade program in chapter 2 of this report, and USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, March 2004.

[115] For more information, see the section on safeguard actions in chapter 2 of this report, and USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, March 2004.

[116] *Economic Report of the President*, February 2005, p. 184. During 2004, U.S. and Chinese officials met under the technical cooperation program to discuss exchange rate issues, including potential impediments to greater exchange rate flexibility.

[117] USTR, *2004 Report to Congress on China's WTO Compliance*, Dec. 11, 2004, p. 4.

[118] Ibid, p. 5.

[119] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, p. 72.

Intellectual Property Rights

Although some problems remain, USTR reports that China's framework of laws, regulations, and implementing rules governing IPR is "largely satisfactory."[120] However, "enforcement of these measures remained ineffective in 2004."[121] USTR indicated that ineffective enforcement results from "lack of coordination among Chinese government ministries and agencies, local protectionism and corruption, high thresholds for criminal prosecution, lack of training, and weak punishments."[122] U.S. rights holders reported that IPR infringement in China remained "rampant" in 2004 and may even have worsened.[123] During the year, IPR infringements continued to affect a wide range of products, including films, music, publishing, software, pharmaceuticals, chemicals, information technology, consumer goods, electrical equipment, automotive parts, and industrial products.[124]

In April 2004, a meeting of the U.S.-China Joint Commission on Commerce and Trade (JCCT), a high-level government consultative mechanism established to address trade issues, resulted in a commitment by China to improve IPR enforcement. China presented an action plan, under which it committed to (1) reduce IPR infringement levels, (2) increase penalties for IPR violations, (3) crack down on violators by conducting nation-wide enforcement actions and increasing customs enforcement actions, (4) improve protection of electronic data, (5) educate the public about the importance of IPR protection, and (6) establish an IPR working group under the JCCT to address IPR issues and monitor implementation of the commitments made in the action plan.[125]

During 2004, China initiated anti-counterfeiting and anti-piracy campaigns and increased border measures to limit exports and imports of infringing products and improve enforcement of new customs regulations. China addressed issues related to criminal enforcement, such as the lowering of criminal liability thresholds, through the issuance of a judicial interpretation by the Supreme People's Court in December 2004.[126] On April 29, 2005, USTR announced the results of an out-of-cycle review of China's IPR policies under the 2005 annual special 301 provisions of U.S. trade law.[127] That review found that "piracy and counterfeiting rates remain at extremely high levels due to China's inadequate and non-deterrent enforcement system."[128] As a result, USTR elevated China to the priority watch list.

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[120] USTR, *2004 Report to Congress on China's WTO Compliance*, p. 59.
[121] Ibid.
[122] Ibid., p. 62.
[123] Ibid., p. 63.
[124] Ibid.
[125] USTR, "Trade Facts: The U.S.-China JCCT: Outcomes on Major U.S. Trade Concerns," Apr. 21, 2004.
[126] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, pp. 96-99.
[127] Developments with respect to special 301 are described in chapter 2 of this report.
[128] USTR, *2005 Special 301 Report*, April 2005.

Services

According to USTR, China “continued to keep pace nominally” with its market access commitments for services under its WTO accession agreement during 2004.[129] No significant concerns have emerged with respect to China’s implementation of commitments made in the professional services, tourism and travel-related services, educational services, and environmental services sectors.[130] In the maritime and aviation services sectors, China went beyond its WTO commitments and signed bilateral agreements with the United States in December 2003[131] and July 2004,[132] respectively.[133]

However, problems remain in other service sectors because of China’s “opaque regulatory process [and] overly burdensome licensing and operating requirements.”[134] According to USTR, China “maintained or erected terms of entry that were so high or cumbersome” as to restrict market access by foreign suppliers.[135] For example, although capital requirements have been reduced, they remain “excessive” in the insurance, banking, telecommunications, and non-bank motor vehicle financing sectors.[136] Also problematic are discriminatory treatment of branch approvals in the insurance sector, unnecessary delays in branch establishment in the legal services sector,[137] and new market access restrictions adversely affecting the express delivery and construction services sectors.[138]

Agriculture

In the agriculture sector, USTR reported that in 2004 “China’s compliance efforts . . . continued to produce mixed results.”[139] China continued to reduce tariffs on agricultural products as required under its WTO accession agreement.[140] Also during the year, China issued final safety certificates for biotech soybeans, corn, canola, and cotton.[141] However, agricultural trade with China “remains among the least transparent and predictable of the world’s major markets.”[142] For example, “capricious practices of Chinese customs and quarantine officials” obstruct agricultural exports from the United States.[143] Although some problematic sanitary

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129 USTR, *2004 Report to Congress on China’s WTO Compliance*, p. 68.
130 Ibid., p. 80.
131 U.S. Department of Transportation, “Transportation Secretary Mineta Signs Far-reaching Maritime Agreement with China,” press release MARAD 32-03, Dec. 8, 2003.
132 U.S. Department of Transportation, “United States, China Sign Agreement on Expanded Air Services,” press release DOT 104-04, July 24, 2004.
133 Ibid., p. 79.
134 Ibid., p. 6.
135 Ibid., p. 68.
136 Ibid.
137 Ibid., pp. 72 and 74.
138 Ibid., p. 68.
139 Ibid., p. 50.
140 Ibid., p. 51.
141 Ibid., p. 53.
142 Ibid., p. 6.
143 Ibid.

and phytosanitary (SPS) standards have been removed,[144] lack of transparency in the application of SPS regulations, which often lack a scientific basis, frustrates trade.[145] Similarly, progress was made in the administration of tariff rate quotas on bulk agricultural commodities, but inadequate transparency remains an issue.[146]

Industrial Policies

USTR has cited certain Chinese industrial policies that appear aimed to protect less competitive domestic industries and to promote the development of higher value-added industry. Such policies, according to USTR, act to restrict foreign goods and "extract technology and intellectual property from foreign rights-holders."[147] For example, in March 2004, in the first dispute settlement case filed against China, the United States claimed that China provides a discriminatory tax rebate policy for semiconductors by allowing partial refunds of the 17 percent value-added tax (VAT) on semiconductors produced in China or imported semiconductors designed in China, whereas other semiconductor imports are subject to the full 17 percent VAT.[148] In July, the case was resolved when China agreed to eliminate the VAT rebate policy.[149] Other concerns cited by USTR included Chinese efforts to promote unique standards for wireless encryption and third-generation wireless telephony, where important progress was made in 2004, and potentially restrictive rules covering the government procurement of software.[150]

Japan

U.S. exports of goods to Japan totaled $50.5 billion in 2004, a 3.3 percent increase from $48.9 billion in 2003. U.S. imports of goods from Japan totaled $129.5 billion, a 9.3 percent increase from $118.5 billion in 2003. The U.S. merchandise trade deficit with Japan totaled $79.0 billion in 2004, an increase from a deficit of $69.6 billion in 2003. The leading U.S. exports to Japan during 2004 were airplanes and other aircraft, corn, parts of airplanes or helicopters, soybeans, and semiconductors. The leading U.S. imports from Japan during 2004 were passenger motor vehicles; parts and accessories for computers; still video cameras and other video recorders; and parts and accessories for motor vehicles. U.S.-Japan merchandise trade data are shown in appendix tables A-28 through A-30.

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[144] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, p. 73.
[145] Ibid., p. 51.
[146] Ibid.
[147] Ibid., p. 7.
[148] USTR, "U.S. Files WTO Case against China over Discriminatory Taxes That Hurt U.S. Exports," press release, Mar. 18, 2004.
[149] USTR, "U.S. and China Resolve WTO Dispute Regarding China's Tax on Semiconductors," press release, July 8, 2004.
[150] Ibid., pp. 7 and 47.

The U.S.-Japan trade relationship during 2004 continued to focus on bilateral discussions under the "U.S.-Japan Economic Partnership for Growth ("Partnership")."[151] The main topics addressed in the discussions included deregulation of the Japanese economy and Japan's restrictions on beef imports.

Deregulation

During 2004, discussions continued between the United States and Japan regarding deregulation under the Regulatory Reform and Competition Policy Initiative ("Regulatory Reform Initiative").[152] Discussions focused on reforms in areas such as telecommunications, information technologies, energy, pharmaceuticals, competition policy, transparency and other government practices, legal system reform, commercial law revision, and distribution.[153]

The "Third Report to Leaders" under the Regulatory Reform Initiative, released June 8, 2004, contained information on regulatory reforms and other measures taken by the United States and Japan. In announcing the release of the report, USTR Robert Zoellick noted the economic reforms Japan had taken, and urged Japan to maintain its commitment to an aggressive reform agenda.[154] USTR pointed to actions taken by the Japanese government to reduce customs processing fees at all ports by 50 percent, strengthen the protection of copyrights, ease the regulatory process for new pharmaceuticals and other health-related products, and liberalize the energy sector.[155] Other cited examples of reform measures that Japan has undertaken included adopting measures to promote electronic commerce, ensuring that U.S. insurance companies have a voice in the privatization of Japan's postal service, and enhancing the transparency of financial regulation. The Japanese government also submitted to its parliament amendments to the Antimonopoly Act.[156]

The United States submitted its annual deregulation reform recommendations to the Government of Japan on October 14, 2004.[157] The wide-ranging recommendations focused on the key sectors and cross-cutting areas, including telecommunications, information technology, pharmaceuticals, financial services, competition policy,

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[151] For background information on the Partnership, see USITC, *The Year in Trade*, OTAP, *2002*, publication No. 3630, pp. 5-20 through 5-21.

[152] The Regulatory Reform Initiative was established in June 2001 as one element of the U.S.-Japan Economic Partnership. The objective of the Initiative was to promote economic growth by focusing on sectoral and cross-sectoral issues related to regulatory reform and competition policy. "Third Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative," June 8, 2004; and USTR, "Third Report to the Leaders on the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Fact Sheet, June 8, 2004.

[153] Ibid.

[154] USTR, "Regulatory Reform and Competition Policy Committee Releases Annual Report," press release 2004-52, June 8, 2004.

[155] Ibid.

[156] Ibid.

[157] The recommendations provide a basis for the 2005 annual report to the Leaders of Japan and the United States.

transparency, privatization, legal system reform, commercial law, and distribution services. The recommendations, based on previous regulatory reforms including specific measures that have substantially lowered customs processing fees at Japan's international airports for express delivery services, placed special focus on the Japanese government's efforts to privatize Japan Post, and targeted for deregulation such service sectors as insurance, banking, and mail delivery.[158]

During the week of November 29, 2004, the United States and Japan held consultations in the working groups established to cover issues on regulatory reforms of medical devices and pharmaceuticals; energy; information technology; competition policy, transparency, and legal services; and telecommunications. The working groups for each of these areas are to submit recommendations to President Bush and Prime Minister Koizumi during 2005.[159]

Beef

Throughout 2004, the United States urged Japan to lift its restrictions on imports of U.S. beef. Japan and 30 other countries banned imports of U.S. beef following the confirmation of a U.S. case of bovine spongiform encephalopathy (BSE), or mad cow disease in the United States on December 23, 2003.[160] On January 22, 2004, U.S. officials met with Japanese officials regarding the reopening of Japan's market for U.S. beef and to report on new U.S. regulations related to the slaughter of cows.

On March 29, 2004, the United States proposed that a U.S.-Japan technical consultation group on BSE be convened with the World Organization for Animal Health (OIE), the international standard setting body for animal diseases. The United States indicated at that time that Japan continued to insist that all animals be tested and specific risk materials (SRMs) be removed as conditions for entry of U.S. beef products into the Japanese market, but that international experts agreed that there was no scientific basis for 100 percent testing.[161] On April 5, 2004, USDA Secretary Veneman announced that negotiations regarding the resumption of U.S. beef exports to Japan were at a deadlock as Japan continued to insist on 100 percent testing of all U.S. cattle. However, press reports noted that the Government of Japan was being pressed by Japanese restaurants and retailers to allow beef imports to resume because of a beef shortage and growing consumer beef demand in Japan.[162]

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[158] USTR, "United States Calls on Japan to Bolster Regulatory Reform: Submits Far-Reaching Recommendations," press release, Oct. 14, 2004, and "Annual Reform Recommendations from the United States to the Government of Japan under the U.S.-Japan Regulatory Reform and Competition Policy Initiative," Oct. 14, 2004.

[159] "U.S. Insisting on 'Level Playing Field' in Privatization of Japan Postal Services," BNA, *International Trade Daily*, Dec. 13, 2004.

[160] U.S. Embassy, Tokyo, "Bush Administration Works to Re-Open Markets to U.S. Beef," press release, found at *http://tokyo.usembassy.gov/e/p/tp-20040128-13.html*, retrieved Dec. 17, 2004.

[161] USTR, "Statement by Agriculture Secretary Ann M. Veneman and U.S. Trade Representative Robert B. Zoellick," April 1, 2004, found at *http://ustr.gov*, retrieved Dec. 16, 1004.

[162] *Washington Trade Daily*, "U.S. at Deadlock with Japan on Beef," April 7, 2004.

During April 23-24, 2004, U.S. Government officials held consultations with the Government of Japan regarding the resumption of beef trade. The two countries agreed to form a joint technical group to address several key issues, including: the definition of BSE and methods of testing, the definition of SRMs and methods for their removal, appropriate surveillance, and appropriate feed ban implementation.[163] Bilateral talks continued during May 18-19, 2004 when the United States–Japan BSE Technical Working Group met to discuss the resumption of bilateral beef trade. Officials from both countries discussed their BSE surveillance and control systems. In addition, the officials visited a slaughter facility to observe firsthand the SRM removal and testing procedures Japan had implemented.[164]

On July 1, 2004, the United States and Japan held a series of technical meetings aimed at resuming bilateral beef trade. The issue received attention again on September 22, 2004, when Japan's Prime Minister Koizumi and President Bush agreed on the need for a quick resumption of bilateral beef trade.[165] U.S. and Japanese officials met again during October 21-23, 2004, to discuss the resumption of beef trade between the two countries. Japanese officials explained the regulatory review process for domestic measures. U.S. officials explained the measures that had been taken against BSE and presented basic ideas for the resumption of two-way trade. Both countries shared the view that under certain conditions and modalities, the countries would resume two-way trade in beef and beef products, subject to their respective domestic approval processes. Additional details were to be worked out by experts and working-level officials of both countries.[166]

On October 23, 2004, Japan agreed to temporarily resume imports of U.S. beef from cattle less than 21 months of age, following a 10-month suspension of all beef from the United States. Bilateral trade is expected to resume in 2005 following the completion of regulatory processes in both countries. Japan indicated that it would revise its domestic regulations to alter its BSE cattle testing requirements and other procedures. A special marketing program, the Beef Export Verification Program, is to be developed under the USDA Agricultural Marketing Service to certify that exported products meet the terms of the agreement. The system includes procedures for confirming the age of cattle, and certification of the removal of risk materials from carcasses.[167] A joint review of the program is to be conducted in 2005, based in part on an independent review by experts from OIE and other organizations.[168]

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[163] Embassy of the United States, "U.S., Japan To Begin Talks to Resume Trade in Beef," press release, May 12, 2004.

[164] Embassy of the United States, Tokyo, Japan, "U.S., Japan Hold First Meetings in Resolve Beef Issues," press release, May 19, 2004.

[165] *Washington Trade Daily*, Sept. 23, 2004, p. 4.

[166] Embassy of the United States, Japan, "Joint Press Statement for the Resumption of Trade in Beef and Beef Products," Oct. 23, 2004.

[167] U.S. Embassy, Tokyo, Japan, "U.S., Japan Agree to Temporary Resumption of Beef Trade," found at *http://tokyo.esembassy.gov*, retrieved Dec. 16, 2004.

[168] *Washington Trade Daily*, "Johanns Blasts Japan on Beef Trade," Jan. 25, 2005, p. 1.

Taiwan

In 2004, Taiwan was the eighth largest U.S. trading partner, with bilateral two-way merchandise trade totaling more than $54.8 billion, representing an increase of 15.1 percent from $47.6 billion in 2003. U.S. exports of goods to Taiwan totaled $20.3 in 2004, an increase of 26.3 percent from $16.1 billion in 2003. U.S. imports of goods from Taiwan totaled $34.5 billion in 2004, an increase of 9.4 percent from $31.5 billion in 2003. The United States recorded a $14.1 billion merchandise trade deficit with Taiwan in 2004. Leading U.S. exports to Taiwan consisted of electronic integrated circuits, machines and mechanical appliances having individual functions (mostly semiconductor production machinery), aircraft, corn, and machine tools for dry etching patterns on semiconductor materials. Leading U.S. imports from Taiwan consisted of parts and accessories of computers, integrated circuits, portable computers, and magnetic media. U.S.-Taiwan merchandise trade data are shown in appendix tables A-31 through A-33.

Intellectual Property Rights

The United States maintained Taiwan on its special 301 priority watch list[169] in May 2004 for the fourth year in a row, citing deficiencies in Taiwan's copyright law, continuing trade in counterfeit goods (especially pharmaceutical products), and deficiencies in laws and enforcement aimed at preventing unfair commercial use of pharmaceutical and agricultural chemical test data.[170] Taiwan authorities, and especially its enforcement authorities, were commended by the United States for increasing the frequency and effectiveness of enforcement actions that have significantly reduced the number of pirated optical media products for retail sale.[171]

In USTR's 2004 report on special 301, the United States called on Taiwan to enact changes in its relevant laws to protect pharmaceutical and agricultural chemical data submitted to its Department of Health for certification purposes and to pass amendments to strengthen its copyright law.[172] USTR announced that it would conduct an out-of-cycle special 301 review in the fall of 2004 to evaluate Taiwan's progress in achieving these objectives.[173]

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[169] Developments with respect to special 301are described in chapter 2 of this report.

[170] USTR, *2004 Special 301 Report*, May 3, 2004, p. 21; and USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 598.

[171] Ibid., p. 20.

[172] Ibid., p. 21 and U.S. Department of State telegram, "Taiwan Special 301: AIT Submission," message reference No. 533, prepared by the American Institute in Taiwan (AIT), Taipei, Feb. 24, 2004.

[173] USTR, *2004 Special 301 Report*, May 3, 2004, p. 21.

The major action taken in 2004 in Taiwan to improve IPR protection occurred in August when Taiwan's legislature passed additional amendments to its copyright law. The additional amendments included technological protection measures, heavier penalties for copyright infringement, and authorization for Taiwan customs authorities to seize IPR-infringing goods on its own authority as opposed to needing a complaint from the copyright owner to enable it to proceed with a seizure.[174] Other actions included passage in March of amendments to the pharmaceutical law increasing penalties for producing, distributing, or selling counterfeit products, and institutionalization of the Integrated Enforcement Task Force (IETF). The IETF had been an ad hoc force committed to combating retail optical disk piracy that was made permanent in November.[175] On January 18, 2005, Taiwan was moved from the special 301 priority watch list to the special 301 watch list as a result of improvements in IPR protection during 2004.[176]

Korea

U.S. two-way merchandise trade with Korea totaled more than $70.0 billion in 2004. U.S. exports of goods to Korea totaled $25.0 billion in 2004, an increase of 11.0 percent from $22.5 billion in 2003. U.S. imports of goods from Korea totaled $45.1 billion in 2004, an increase of 22.0 percent from $$36.9 billion in 2003. The United States recorded a $20.1 billion merchandise trade deficit with Korea in 2004. Leading U.S. exports to Korea in 2004 included computer chips, aircraft, machines and mechanical appliances having individual function (mostly semiconductor production machinery), and corn (maize). Leading U.S. imports from Korea included transmission apparatus incorporating reception apparatus (mostly cellular phones), automobiles, and computer chips. U.S.-Korea merchandise trade data are shown in appendix tables A-34 through A-36.

U.S.-Korean trade relations in 2004 reflected the continued relaxation of trade frictions in recent years. The two countries meet regularly to discuss bilateral trade issues.

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[174] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 598; U.S. Department of State telegram, "Taiwan Special 301: AIT Submission," message reference No. 533, prepared by AIT, Taipei, Feb. 24, 2004; and U.S. Department of State telegram, "Taiwan Special 301 OCR: AIT Views," message reference No. 3690, prepared by AIT, Taipei, Nov. 18, 2004.

[175] Ibid.

[176] USTR, "U.S. Announces Results of IPR Out-of-Cycle Reviews for Poland and Taiwan," press release, Jan. 18, 2005.

Intellectual Property Rights

In January 2004, USTR re-elevated Korea to the special 301 priority watch list[177] as a result of an out-of-cycle review, citing insufficient progress in stemming the growth of online music piracy and continued piracy of U.S. motion pictures in Korea.[178]

Background

USTR placed Korea on the special 301 priority watch list in 2000, citing a number of long-standing IPR issues, concerns about enforcement, and recent amendments to IPR legislation.[179] Based on commitments made in trade meetings between the United States and Korea in April 2002, Korea was downgraded to the watch list in 2002.[180]

In the 2003 Special 301 Report, USTR stated that the limited steps that Korea had taken to fulfill its 2002 commitments fell short of what Korea had pledged to do and that new and significant IPR issues had emerged.[181] For these reasons, USTR decided to conduct an out-of-cycle special 301 review in the fall of 2003. The decision to keep Korea on the watch list or move it to the priority watch list was to be based on Korea's taking action in all of the following areas:

- Take all actions necessary to ensure that the Standing Inspection Team is granted police powers at the earliest opportunity;
- Draft and submit legislation to the National Assembly that establishes the exclusive right of transmission for sound recordings, including both the full right of making them available and the full right of communication to the public, and seek its enactment by the end of 2003;
- Provide additional, new data on the Korean government's enforcement efforts that are sufficient to more fully evaluate the full range of its enforcement activities, including the imposition of deterrent penalties that are sufficient to allow rights holders the opportunity to take action against infringers who are not convicted;
- In addition, in order to resolve the film distribution issues, the Korean government should draft and submit legislation to the National Assembly to grant the Korea Media Review Board (KMRB) all authority necessary to stop film piracy. This legislation and / or the implementing regulations must:
    - clearly provide the KMRB the authority to reject false applications,

[177] Developments with respect to special 301 are described in chapter 2 of this report.

[178] USTR, "U.S. Elevates Korea to Priority Watch List Based on Continued Concerns Regarding Film and Music Piracy," press release, Jan. 8, 2004.

[179] USTR, *2000 Special 301 Report*, May 1, 2000, p. 17.

[180] USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, Mar. 3, 2003, p. 175.

[181] USTR, *2003 Special 301 Report*, May 1, 2003, p. 24.

- clearly provide the KMRB the authority to cancel existing ratings that were approved on the basis of a false application,
- not place undue burdens on legitimate rights holders to prove their rightful ownership, and
- fully and faithfully implement Korea's agreement with respect to interoperable mobile telephone standards.[182]

Developments during 2004

The results of the special 301 out-of-cycle review (OCR) were announced on January 8, 2004. Korea was elevated to the priority watch list because it had not taken action on two of the highest priority issues included in the review: (1) legislation providing for full rights of transmission for performers and producers of sound recordings; and (2) legislation and implementing regulations granting the KMRB all authority to stop film piracy.[183]

Sound recordings

According to USTR, Korea's sophisticated digital infrastructure and inadequate legal protection for IPR have led to high rates of Internet piracy for sound recordings of U.S., Korean, and other artists.[184] U.S. Embassy reports have noted that Koreans have become accustomed to free downloads of music from the Internet in circumstances similar to those in the United States a few years ago when free file-sharing services such as Napster were emerging.[185] Korea's copyright laws have been inadequate to stop free downloads, leading the United States to call for their strengthening.[186]

On October 16, 2004, the Korean National Assembly passed amendments to the Copyright Act that granted exclusive interactive transmission rights to performers and sound recording producers, effective January 17, 2005. Under the new amendments, only performers and phonogram (sound recording) producers themselves can transmit their performances or phonograms through such means as posting copies on websites for downloading on demand. Others who want to transmit phonograms over the Internet must seek prior permission from the rights holder.[187] These amendments

[182] Ibid., p. 25 and USTR, "U.S. Elevates Korea to Priority Watch List Based on Continued Concerns Regarding Film and Music Piracy," press release, Jan. 8, 2004.

[183] USTR, "U.S. Elevates Korea to Priority Watch List Based on Continued Concerns Regarding Film and Music Piracy," press release, Jan. 8, 2004.

[184] USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 373.

[185] U.S. Department of State telegram, "IPR: Greater Aggression by Government and Courts Brings Sound Recording Protection into the Public Eye," message reference No. 931, prepared by U.S. Embassy, Seoul, Feb. 2, 2005.

[186] Ibid., p. 373.

[187] Ibid., p. 374, and U.S. Department of State telegram, "IPR: Greater Aggression by Government and Courts Brings Sound Recording Protection into the Public Eye," message reference No. 931, prepared by U.S. Embassy, Seoul, Feb. 25, 2005.

did not cover all of the transmission rights called for in the 2003 special 301 report. Amendments to provide transmission rights for non-interactive transmissions, such as webcasting, streaming, and digital broadcasting reportedly were being drafted in late 2004.[188]

Korea Media Review Board

Before a motion picture can be distributed in Korea, it must have a rating from the KMRB. KMRB ratings were granted in recent years to entities that were not legally authorized rights holders, thereby facilitating the distribution of pirated copies of movies. Legislation was passed in late 2003 giving the KMRB authority to identify and stop the fraudulent rating of motion pictures, with implementing regulations becoming effective at the end of May 2004. The legislation left open the question as to whether Korean law would allow the regulations to be applied retroactively to remove existing fraudulent ratings. In October 2004, the Korean government said that a new system was under consideration whereby legitimate rights holders could request the KMRB to revoke ratings of titles that were fraudulently registered before the effective date of the new regulations.[189]

Beef

In December 2003, Korea imposed a ban on imports of U.S. beef after BSE was found in a cow in Washington State that had been imported from Canada. The United States has pressed the Korean government to reopen beef trade, stressing that U.S. beef is safe.[190] The Korean government did not rescind the ban during 2004.[191]

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188 U.S. Department of State telegram, "November 2004 U.S.-Korea Trade Talks: Overview of Key Outcomes," message reference No. 6202, prepared by U.S. Embassy, Seoul, Dec. 8, 2004.

189 USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 374; U.S. Department of State telegram, "November 2004 U.S.-Korea Trade Talks: Overview of Key Outcomes," message reference No. 6202, prepared by U.S. Embassy, Seoul, Dec. 8, 2004; and U.S. Department of State telegram, "June 2004 U.S.-Korea Trade Consultations: Intellectual Property Rights," message reference No. 134917, prepared by U.S. Department of State, Washington, D.C., June 18, 2004.

190 USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 364, and USTR, *2005 Trade Policy Agenda and 2004 Annual Report*, Mar. 1, 2005, p. 202.

191 Discussions on rescinding the ban continued in 2005. USTR, *2005 National Trade Estimate Report on Foreign Trade Barriers*, Mar. 30, 2005, p. 364; and U.S. Department of State telegram, "A/S Wayne Raises U.S. Beef Exports with Korean Trade Minister," message reference No. 3069, prepared by U.S. Embassy, Paris, May 6, 2005.

APPENDIX
Statistical Tables

Table A-1
Antidumping cases active in 2004, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-1024	Prestressed concrete steel wire strand	Brazil	01/31/03	A	A	A	A	01/21/04
731-TA-1025	Prestressed concrete steel wire strand	India	01/31/03	A	A	A	A	01/21/04
731-TA-1026	Prestressed concrete steel wire strand	Korea	01/31/03	A	A	A	A	01/21/04
731-TA-1027	Prestressed concrete steel wire strand	Mexico	01/31/03	A	A	A	A	01/21/04
731-TA-1028	Prestressed concrete steel wire strand	Thailand	01/31/03	A	A	A	A	01/21/04
731-TA-1034	Certain color television receivers	China	05/02/03	A	A	A	A	05/26/04
731-TA-1035	Certain color television receivers	Malaysia	05/02/03	A	N	N	([3])	04/16/04
731-TA-1039	Wax and wax/resin thermal transfer ribbons	France	05/30/03	A	A	A	N	04/19/04
731-TA-1040	Wax and wax/resin thermal transfer ribbons	Japan	05/30/03	A	A	A	N	04/19/04
731-TA-1041	Wax and wax/resin thermal transfer ribbons	Korea	05/30/03	A	N	N	([3])	04/05/04
731-TA-1043	Polyethylene retail carrier bags	China	06/20/03	A	A	A	A	08/02/04
731-TA-1044	Polyethylene retail carrier bags	Malaysia	06/20/03	A	A	A	A	08/02/04
731-TA-1045	Polyethylene retail carrier bags	Thailand	06/20/03	A	A	A	A	08/02/04
731-TA-1046	Tetrahydrofurfuryl alcohol	China	06/23/03	A	A	A	A	07/29/04
731-TA-1047	Ironing tables	China	06/30/03	A	A	A	A	07/28/04
731-TA-1048	Electrolytic manganese dioxide	Australia	07/31/03	A	([4])	([3])	([3])	03/02/04
731-TA-1050	Electrolytic manganese dioxide	Greece	07/31/03	A	([4])	([3])	([3])	03/02/04
731-TA-1051	Electrolytic manganese dioxide	Ireland	07/31/03	A	([4])	([3])	([3])	03/02/04
731-TA-1052	Electrolytic manganese dioxide	Japan	07/31/03	A	([4])	([3])	([3])	03/02/04
731-TA-1053	Electrolytic manganese dioxide	South Africa	07/31/03	A	([4])	([3])	([3])	03/02/04
731-TA-1054	Light-walled rectangular pipe and tube	Mexico	09/09/03	A	A	A	N	10/12/04
731-TA-1055	Light-walled rectangular pipe and tube	Turkey	09/09/03	A	A	A	N	10/12/04
731-TA-1056	Certain aluminum plate	South Africa	10/16/03	A	A	A	N	11/18/04
731-TA-1057	Certain processed hazelnuts	Turkey	10/21/03	A	([4])	([3])	([3])	02/19/04
731-TA-1058	Wooden bedroom furniture	China	10/31/03	A	A	A	A	12/22/04
731-TA-1059	Hand trucks	China	11/13/03	A	A	A	A	11/23/04
731-TA-1060	Carbazole violet pigment 23	China	11/21/03	A	A	A	A	12/22/04
731-TA-1061	Carbazole violet pigment 23	India	11/21/03	A	A	A	A	12/22/04
731-TA-1062	Kosher chicken	Canada	12/01/03	N	([3])	([3])	([3])	01/15/04
731-TA-1063	Warmwater shrimp and prawns	Brazil	12/31/03	A	A	A	([5])	([5])
731-TA-1064	Warmwater shrimp and prawns	China	12/31/03	A	A	A	([5])	([5])
731-TA-1065	Warmwater shrimp and prawns	Ecuador	12/31/03	A	A	A	([5])	([5])
731-TA-1066	Warmwater shrimp and prawns	India	12/31/03	A	A	A	([5])	([5])
731-TA-1067	Warmwater shrimp and prawns	Thailand	12/31/03	A	A	A	([5])	([5])
731-TA-1068	Warmwater shrimp and prawns	Vietnam	12/31/03	A	A	A	([5])	([5])

See footnotes at end of table.

Table A-1—*Continued*
Antidumping cases active in 2004, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-1069	Outboard engines	Japan	01/08/04	A	A	A	([5])	([5])
731-TA-1070A	Certain crepe paper products	China	02/17/04	A	A	A	([5])	([5])
731-TA-1070B	Certain tissue paper products	China	02/17/04	A	A	([5])	([5])	([5])
731-TA-1071	Magnesium	China	02/27/04	A	A	([5])	([5])	([5])
731-TA-1072	Magnesium	Russia	02/27/04	A	A	([5])	([5])	([5]
731-TA-1073	Certain circular welded carbon quality line pipe	China	03/03/04	A	A	([4])	([3])	12/14/04
731-TA-1074	Certain circular welded carbon quality line pipe	Korea	03/03/04	A	N	([5])	([5])	([5])
731-TA-1075	Certain circular welded carbon quality line pipe	Mexico	03/03/04	A	A	([5])	([5])	([5])
731-TA-1076	Live swine	Canada	03/05/04	A	A	([5])	([5])	([5])
731-TA-1077	Polyethylene terephthalate resin	India	03/24/04	A	A	([5])	([5])	([5])
731-TA-1078	Polyethylene terephthalate resin	Indonesia	03/24/04	A	A	([5])	([5])	([5])
731-TA-1079	Polyethylene terephthalate resin	Taiwan	03/24/04	A	N	([5])	([5])	([5])
731-TA-1080	Polyethylene terephthalate resin	Thailand	03/24/04	A	A	([5])	([5])	([5])
731-TA-1081	Silicon metal	South Africa	03/31/04	([4])	([3])	([3])	([3])	04/16/04
731-TA-1082	Chlorinated isocyanurates	China	05/14/04	A	A	([5])	([5])	([5])
731-TA-1083	Chlorinated isocyanurates	Spain	05/14/04	A	A	([5])	([5])	([5])
731-TA-1084	Purified carboxymethylcellulose	Finland	06/09/04	A	A	([5])	([5])	([5])
731-TA-1085	Purified carboxymethylcellulose	Mexico	06/09/04	A	A	([5])	([5])	([5])
731-TA-1086	Purified carboxymethylcellulose	Netherlands	06/09/04	A	A	([5])	([5])	([5])
731-TA-1087	Purified carboxymethylcellulose	Sweden	06/09/04	A	A	([5])	([5])	([5]
731-TA-1088	Polyvinyl alcohol	Taiwan	09/07/04	N	([3])	([3])	([3])	10/22/04
731-TA-1089	Certain orange juice	Brazil	12/27/04	([5])	([5])	([5])	([5])	([5])

[1] U.S. Department of Commerce, International Trade Administration (ITA).
[2] For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.
[3] Not applicable.
[4] The investigation was terminated or discontinued following withdrawal of the petition.
[5] Pending as of Dec. 31, 2004.

Source: Compiled from data maintained by the Commission.

Table A-2
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 19, 2001
Oil country tubular goods	Aug. 11, 1995
Seamless pipe	Aug. 3, 1995
Light-walled rectangular tube	May 26, 1989
Barbed wire and barbless wire strand	Nov. 13, 1985
Australia:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Bangladesh:	
Cotton shop towels	Mar. 20, 1992
Belarus:	
Steel concrete reinforcing bars	Sept. 7, 2001
Belgium:	
Stainless steel plate in coils	May 21, 1999
Carbon steel plate	Aug. 19, 1993
Sugar	June 13, 1979
Brazil:	
Prestressed concrete steel wire strand	Jan. 28, 2004
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Seamless pipe	Aug. 3, 1995
Stainless steel bar	Feb. 21, 1995
Silicomanganese	Dec. 22, 1994
Stainless steel wire rod	Jan. 28, 1994
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
Frozen concentrated orange juice	May 5, 1987
Brass sheet and strip	Jan. 12, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Iron construction castings	May 9, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Softwood lumber	May 22, 2002
Stainless steel plate in coils	May 21, 1999
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 15, 1989
Brass sheet and strip	Jan. 12, 1987
Iron construction castings	Mar. 5, 1986
Chile:	
Individually quick frozen red raspberries	July 9, 2002
Preserved mushrooms	Dec. 2, 1998
China:	
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

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
China—*Continued*	
Saccharin	July 9, 2003
Lawn and garden steel fence posts	June 12, 2003
Non-malleable cast iron pipe fittings	Apr. 7, 2003
Ferrovanadium	Jan. 28, 2003
Folding metal tables and chairs	June 27, 2002
Automotive replacement glass windshields	Apr. 4, 2002
Folding gift boxes	Jan. 8, 2002
Honey	Dec. 10, 2001
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
Synthetic indigo	June 19, 2000
Non-frozen apple juice concentrate	June 5, 2000
Creatine monohydrate	Feb. 4, 2000
Preserved mushrooms	Feb. 19, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Crawfish tail meat	Sept. 15, 1997
Persulfates	July 7, 1997
Brake rotors	Apr. 17, 1997
Furfuryl alcohol	June 21, 1995
Pure magnesium (ingot)	May 12, 1995
Glycine	Mar. 29, 1995
Cased pencils	Dec. 28, 1994
Silicomanganese	Dec. 22, 1994
Paper clips	Nov. 25, 1994
Fresh garlic	Nov. 16, 1994
Sebacic acid	July 14, 1994
Helical spring lock washers	Oct. 19, 1993
Sulfanilic acid	Aug. 19, 1992
Carbon steel butt-weld pipe fittings	July 6, 1992
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Axes and adzes	Feb. 19, 1991
Bars and wedges	Feb. 19, 1991
Hammers and sledges	Feb. 19, 1991
Picks and mattocks	Feb. 19, 1991
Sodium thiosulfate	Feb. 19, 1991
Tapered roller bearings	June 15, 1987
Porcelain-on-steel cooking ware	Dec. 2, 1986
Petroleum wax candles	Aug. 28, 1986
Iron construction castings	May 9, 1986
Natural bristle paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Cotton shop towels	Oct. 4, 1983
Greige polyester cotton print cloth	Sept. 16, 1983
Czech Republic:	
Small diameter seamless pipe	Aug. 14, 2000
Finland:	
Carbon steel plate	Aug. 19, 1993

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
France:	
Stainless steel bar	Mar. 7, 2002
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel wire rod	Jan. 28, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Ball bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sorbitol	Apr. 9, 1982
Sugar	June 13, 1979
Germany:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Seamless pipe	Aug. 3, 1995
Carbon steel plate	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Ball bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sugar	June 13, 1979
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
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 products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Stainless steel bar	Feb. 21, 1995
Forged stainless steel flanges	Feb. 9, 1994
Stainless steel wire rod	Dec. 1, 1993
Sulfanilic acid	Mar. 2, 1993
Welded carbon steel pipe	May 12, 1986
Indonesia:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
Stainless steel bar	Mar. 7, 2002
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 11, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Italy—*Continued*	
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Brass sheet and strip	Mar. 6, 1987
Pressure sensitive plastic tape	Oct. 21, 1977
Japan:	
Ceramic station post insulators	Dec. 30, 2003
Polyvinyl alcohol	July 2, 2003
Welded large diameter line pipe	Dec. 6, 2001
Stainless steel angle	May 18, 2001
Tin mill products	Aug. 28, 2000
Large diameter seamless pipe	June 26, 2000
Small diameter seamless pipe	June 26, 2000
Structural steel beams	June 19, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Hot-rolled carbon steel flat products	June 29, 1999
Stainless steel wire rod	Sept. 15, 1998
Clad steel plate	July 2, 1996
Oil country tubular goods	Aug. 11, 1995
Stainless steel bar	Feb. 21, 1995
Grain-oriented silicon electrical steel	June 10, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Electroluminescent flat panel displays	Sept. 4, 1991
Gray portland cement and clinker	May 10, 1991
Mechanical transfer presses	Feb. 16, 1990
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Internal combustion industrial forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	Mar. 25, 1988
Malleable cast iron pipe fittings	July 6, 1987
Carbon steel butt-weld pipe fittings	Feb. 10, 1987
Prestressed concrete steel wire strand	Dec. 8, 1978
Polychloroprene rubber	Dec. 6, 1973
Kazakhstan:	
Silicomanganese	May 23, 2002
Hot-rolled carbon steel flat products	Nov. 21, 2001
Korea:	
Prestressed concrete steel wire strand	Jan. 28, 2004
Polyvinyl alcohol	Oct. 1, 2003
Stainless steel bar	Mar. 7, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
Stainless steel angle	May 18, 2001
Structural steel beam	Aug. 18, 2000
Polyester staple fiber	May 25, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Oil country tubular goods	Aug. 11, 1995
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Korea—*Continued*	
Polyethylene terephthalate (PET) film	June 5, 1991
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Malleable cast iron pipe fittings	May 23, 1986
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
Extruded rubber thread	Oct. 7, 1992
Mexico:	
Prestressed concrete steel wire strand	Jan. 28, 2004
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Welded large diameter line pipe	Feb. 27, 2002
Large diameter seamless pipe	Aug. 11, 2000
Stainless steel sheet and strip	July 27, 1999
Fresh tomatoes (suspended)	Nov. 1, 1996
Oil country tubular goods	Aug. 11, 1995
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Gray portland cement and clinker	Aug. 30, 1990
Moldova:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
Netherlands:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
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
Carbon steel plate	Aug. 19, 1993
Portugal:	
Sulfanilic acid	Nov. 8, 2002
Romania:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Small diameter seamless pipe	Aug. 10, 2000
Carbon steel plate	Aug. 19, 1993
Russia:	
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
Ferrovanadium and nitrided vanadium	July 10, 1995
Uranium (suspended)	Oct. 16, 1992
Solid urea	July 14, 1987
Singapore:	
Ball bearings	May 15, 1989
South Africa:	
Ferrovanadium	Jan. 28, 2003
Hot-rolled carbon steel flat products	Sept. 19, 2001
Small diameter seamless pipe	June 26, 2000
Stainless steel plate in coils	May 21, 1999

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Spain:	
Stainless steel angle	May 18, 2001
Stainless steel wire rod	Sept. 15, 1998
Stainless steel bar	Mar. 2, 1995
Carbon steel plate	Aug. 19, 1993
Sweden:	
Stainless steel wire rod	Sept. 15, 1998
Carbon steel plate	Aug. 19, 1993
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
Helical spring lockwashers	June 28, 1993
Stainless steel butt-weld pipe fittings	June 16, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Light-walled rectangular tube	Mar. 27, 1989
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Porcelain-on-steel cooking ware	Dec. 2, 1986
Small diameter carbon steel pipe	May 7, 1984
Carbon steel plate	June 13, 1979
Thailand:	
Polyethylene retail carrier bags	Aug. 9, 2004
Prestressed concrete steel wire strand	Jan. 28, 2004
Hot-rolled carbon steel flat products	Nov. 29, 2001
Furfuryl alcohol	July 25, 1995
Canned pineapple	July 18, 1995
Carbon steel butt-weld pipe fittings	July 6, 1992
Welded carbon steel pipe	Mar. 11, 1986
Trinidad and Tobago:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Turkey:	
Steel concrete reinforcing bars	Apr. 17, 1997
Pasta	July 24, 1996
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
Stainless steel sheet and strip	July 27, 1999
Carbon steel plate	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Ball bearings	May 15, 1989

Table A-2—*Continued*
Antidumping duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Venezuela:	
Silicomanganese	May 23, 2002
Vietnam:	
Frozen fish fillets	Aug. 12, 2003

Source: Compiled from data maintained by the Commission.

Table A-3
Countervailing duty cases active in 2004, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
701-TA-432	Prestressed concrete steel wire strand	India	1/31/03	A	A	A	A	01/21/04
701-TA-437	Carbazole violet pigment 23	India	11/21/03	A	A	A	A	12/22/04
701-TA-438	Live swine	Canada	3/5/04	A	N	([3])	([3])	([3])
701-TA-439	Polyethylene terephthalate resin	India	3/24/04	A	A	([3])	([3])	([3])
701-TA-440	Polyethylene terephthalate resin	Thailand	3/24/04	A	N	([3])	([3])	([3])
701-TA-441	Silicon metal	Brazil	3/31/04	([4])	([5])	([5])	([5])	04/16/04

[1] International Trade Administration (ITA), U.S. Department of Commerce.
[2] For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.
[3] Pending as of Dec. 31, 2004.
[4] The investigation was discontinued following withdrawal of the petition.
[5] Not applicable.

Source: Compiled from data maintained by the Commission.

Table A-4
Countervailing duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 11, 2001
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Carbon steel plate	Aug. 17, 1993
Brass sheet and strip	Jan. 8, 1987
Heavy iron construction castings	May 15, 1986
Canada:	
Hard red spring wheat	Oct. 23, 2003
Softwood lumber	May 22, 2002
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 22, 1989
European Union:	
Sugar	July 31, 1978
France:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Brass sheet and strip	Mar. 6, 1987
Germany:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
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:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Stainless steel bar	Mar. 8, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
Pasta	July 24, 1996
Oil country tubular goods	Aug. 10, 1995
Grain-oriented silicon electrical steel	June 7, 1994

Table A-4–*Continued*
Countervailing duty orders in effect as of December 31, 2004

Country and commodity	Effective date of original action
Korea:	
DRAMs and DRAM modules	Aug. 11, 2003
Structural steel beams	Aug. 14, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Mexico:	
Carbon steel plate	Aug. 17, 1993
Netherlands:	
Low enriched uranium	Feb. 13, 2002
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Pakistan:	
Cotton shop towels	Mar. 9, 1984
South Africa:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Stainless steel plate in coils	May 11, 1999
Spain:	
Carbon steel plate	Aug. 17, 1993
Sweden:	
Carbon steel plate	Aug. 17, 1993
Taiwan:	
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Thailand:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993

Source: Compiled from data maintained by the Commission.

Table A-5
Reviews of existing antidumping duty orders and suspension agreements completed in 2004, by date of completion

USITC investigation number	Product	Country of origin	Completion date[1]	Action
AA1921-167	Pressure sensitive plastic tape	Italy	06/07/04	Continued
AA1921-188	Prestressed concrete steel wire strand	Japan	06/07/04	Continued
731-TA-149	Barium chloride	China	07/01/04	Continued
731-TA-44	Sorbitol	France	07/16/04	Continued
731-TA-770	Stainless steel wire rod	Italy	07/22/04	Continued
731-TA-771	Stainless steel wire rod	Japan	07/22/04	Continued
731-TA-772	Stainless steel wire rod	Korea	07/22/04	Continued
731-TA-773	Stainless steel wire rod	Spain	07/22/04	Continued
731-TA-774	Stainless steel wire rod	Sweden	07/22/04	Continued
731-TA-775	Stainless steel wire rod	Taiwan	07/22/04	Continued
731-TA-130	Chloropicrin	China	08/03/04	Continued
731-TA-208	Barbed wire and barbless wire strand	Argentina	08/30/04	Continued
731-TA-776	Certain preserved mushrooms	Chile	10/28/04	Continued
731-TA-777	Certain preserved mushrooms	China	10/28/04	Continued
731-TA-778	Certain preserved mushrooms	India	10/28/04	Continued
731-TA-779	Certain preserved mushrooms	Indonesia	10/28/04	Continued
731-TA-244	Natural bristle paintbrushes	China	11/09/04	Continued

[1] The completion date shown is the date of the USITC notification of Commerce.
Source: Compiled from data maintained by the Commission.

Table A-6
Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2004 and those pending on December 31, 2004

Status of Investigation	Article	Country[1]	Commission determination
Completed:			
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	Two related (ancillary) proceedings completed: (1) advisory opinion (Commission found no infringement); and (2) bond forfeiture (Commission ordered forfeiture of portion of bond posted by a respondent).
337-TA-469	Certain Bearings and Packaging Thereof	Mexico, Canada	Terminated based on a finding of no violation.
337-TA-474	Certain Recordable Compact Discs and Rewritable Compact Discs	Hong Kong, Taiwan	Terminated based on a finding of no violation.
337-TA-481	Certain Display Controllers with Upscaling Functionality and Products	Taiwan	Issued a limited exclusion order.[2]
337-TA-487	Certain Agricultural Vehicles and Components Thereof	China, Netherlands, France, Germany, and Canada	Issued a general exclusion order, two limited exclusion orders, and 11 cease and desist orders.
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	Issued a general exclusion order.
337-TA-490	Certain Power Amplifier Chips, Broadband Tuner Chips, Transceiver Chips, and Products Containing Same	Taiwan, Canada, China	Terminated based on a finding of no violation.
337-TA-491	Certain Display Controllers and Products Containing Same	Taiwan	Issued a limited exclusion order.[2]
337-TA-492	Certain Plastic Grocery and Retail Bags	Thailand, China, Singapore, Hong Kong	Issued a general exclusion order.
337-TA-493	Certain Zero-Mercury-Added Alkaline Batteries, Parts Thereof, and Products Containing Same	China, Hong Kong, Indonesia, Japan, Singapore	Terminated based on a finding of no violation.
337-TA-496	Certain Home Vacuum Packaging Machines	Korea	Terminated based on a settlement agreement.
337-TA-497	Certain Universal Transmitters for Garage Door Openers	Hong Kong, Canada	Terminated based on a settlement agreement.
337-TA-498	Certain Insect Traps	China	Issued a limited exclusion order and a cease and desist order.
337-TA-500	Certain Purple Protective Gloves	Malaysia, China	Issued a general exclusion order.
337-TA-502	Certain Automobile Tail Light Lenses and Products Incorporating Same	Germany	Terminated based on a finding of no violation.
337-TA-504	Certain Signature Capture Transaction Devices and Component Parts Thereof, and Systems That Employ Such Devices	France, Canada	Terminated based on a settlement agreement.
337-TA-507	Certain Medical Devices Used to Compact Inner Bone Tissue and Products Containing Same	Israel	Terminated based on a consent order.
337-TA-508	Certain Absorbent Garments	Mexico	Terminated based on a consent order.

See footnote at end of table.

Table A-6—*Continued*
Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2004 and those pending on December 31, 2004

Status of Investigation	Article	Country[1]	Commission determination
337-TA-513	Certain Electronic Devices, Including Power Adapters, Power Converters, External Batteries And Detachable Tips, Used to Power and/or Charge Mobile Electronic Products, and Components Thereof	Taiwan, Korea	Terminated based on withdrawal of the complaint.
337-TA-520	Certain Digital Image Storage and Retrieval Devices	Japan	Terminated based on a settlement agreement.
337-TA-406	Certain Lens-Fitted Film Packages	Hong Kong	Two related (ancillary) proceedings pending before the Commission: (1) enforcement proceeding; and (2) remand of enforcement/advisory opinion proceeding from the Commission.
337-TA-486	Certain Agricultural Tractors, Lawn Tractors, Riding Lawnmowers, and Components Thereof	China	Ancillary enforcement proceeding pending before the Commission.
337-TA-494	Certain Automotive Measuring Devices, Products Containing Same, and Bezels for Such Devices	Taiwan	Pending before the Commission.
337-TA-499	Certain Audio Digital-to-Analog Converters and Products Containing Same	United Kingdom	Pending before the Commission.
337-TA-501	Certain Encapsulated Integrated Circuit Devices and Products Containing Same	Malaysia	Pending before the Commission.
337-TA-503	Certain Automated Mechanical Transmission Systems for Medium-Duty and Heavy-Duty Trucks, and Components Thereof	Germany	Pending before the Commission.
337-TA-505	Certain Gun Barrels Used In Firearms Training Systems	Switzerland, Netherlands	Pending before the Commission.
337-TA-506	Certain Optical Disk Controller Chips and Chipsets and Products Containing Same, Including DVD Players and PC Optical Storage Devices	Taiwan, Singapore, China, Hong Kong, Japan	Pending before the ALJ.
337-TA-509	Certain Personal Computers, Server Computers, and Components Thereof	Taiwan, China	Pending before the ALJ.
337-TA-510	Certain Systems for Detecting and Removing Viruses or Worms, Components Thereof, and Products Containing Same	Taiwan, Japan	Pending before the ALJ.
337-TA-511	Certain Pet Food Treats	China, Brazil	Pending before the ALJ.
337-TA-512	Certain Light-Emitting Diodes and Products Containing Same	Malaysia	Pending before the ALJ.
337-TA-514	Certain Plastic Food Containers	China	Pending before the ALJ.
337-TA-515	Certain Injectable Implant Compositions	Sweden	Pending before the ALJ.

See footnote at end of table.

Table A-6—*Continued*
Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2004 and those pending on December 31, 2004

Status of Investigation	Article	Country[1]	Commission determination
337-TA-516	Certain Disc Drives, Components Thereof, and Products Containing Same	China	Pending before the ALJ.
337-TA-517	Certain Shirts With Pucker-Free Seams and Methods of Producing Same	Hong Kong	Pending before the ALJ.
337-TA-518	Certain Ear Protection Devices	China, Taiwan	Pending before the ALJ.
337-TA-519	Certain Personal Computers, Monitors, and Components Thereof	Mexico, China	Pending before the ALJ.
337-TA-521	Certain Voltage Regulator Circuits, Components Thereof and Products Containing Same	China, Malaysia	Pending before the ALJ.
337-TA-522	Certain Ink Markers and Packaging Thereof	China, India, Indonesia, Korea	Pending before the ALJ.
337-TA-523	Certain Optical Disk Controller Chips and Chipsets and Products Containing the Same, Including DVD Players and PC Optical Storage Devices II	Taiwan	Pending before the ALJ.
337-TA-524	Certain Point of Sale Terminals and Components Thereof	China, France, Israel, Korea, United Kingdom	Pending before the ALJ.
337-TA-525	Certain Semiconductor Devices and Products Containing Same	China	Pending before the ALJ.
337-TA-526	Certain NAND Flash Memory Circuits and Products Containing Same	Singapore	Pending before the ALJ.
337-TA-527	Certain Digital Image Storage and Retrieval Devices	Taiwan, Japan	Pending before the ALJ.

[1] This column lists the countries of the foreign respondents named in the investigation.
[2] Inv. No 337-TA-481 was consolidated with Inv. No. 337-TA-491. Only one limited exclusion order was issued in the consolidated case.

Source: U.S. International Trade Commission.

Table A-7
Outstanding Section 337 exclusion orders as of December 31, 2004

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-55	Certain Novelty Glasses	Hong Kong	Nonpatent
337-TA-69	Certain Airtight Cast-Iron Stoves	Taiwan, Korea	Nonpatent
337-TA-87	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-105	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-112	Certain Cube Puzzles	Taiwan, Japan, Canada	Nonpatent
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Nonpatent
337-TA-118	Certain Sneakers With Fabric Uppers and Rubber Soles	Korea	Nonpatent
337-TA-137	Certain Heavy-Duty Staple Gun Tackers	Taiwan, Hong Kong, Korea	Nonpatent
337-TA-152	Certain Plastic Food Storage Containers	Hong Kong, Taiwan	Nonpatent
337-TA-167	Certain Single Handle Faucets	Taiwan	Nonpatent
337-TA-174	Certain Woodworking Machines	Taiwan, South Africa	Nonpatent
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Nonpatent
337-TA-197	Certain Compound Action Metal Cutting Snips and Components Thereof	Taiwan	Nonpatent
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Nonpatent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefore	No foreign respondents	Nonpatent
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Same and Processes for Making Such Memories	Korea	June 7, 2005[3]
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Nonpatent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Nonpatent
337-TA-287	Certain Strip Lights	Taiwan	Nonpatent
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	June 19, 2005[3]
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Sept. 22, 2006[3]
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent June 22, 2006[3] July 22, 2006[3]
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Oct. 22, 2006[3]
337-TA-333	Certain Woodworking Accessories	Taiwan	Mar. 2, 2008[3]
337-TA-360	Certain Devices For Connecting Computers Via Telephone Lines	Taiwan	Feb. 13, 2007
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Aug. 21, 2007[3] Oct. 12, 2008[3]
337-TA-372	Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same	China, Hong Kong, Taiwan	May 20, 2005[3]
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	Jan. 22, 2008
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011[3]

See footnotes at end of table.

Table A-7—*Continued*
Outstanding Section 337 exclusion orders as of December 31, 2004

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Oct. 5, 2008 Oct. 5, 2008 Oct. 5, 2008 Apr. 28, 2009 Apr. 28, 2009
337-TA-391	Certain Toothbrushes and the Packaging Thereof	China, Taiwan	Aug. 4, 2006
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	May 23, 2006 Aug. 8, 2006 Nov. 28, 2006 Sept. 4, 2007 Sept. 4, 2007 Nov. 27, 2007 Apr. 5, 2008 Nov. 5, 2008 Mar. 7, 2009 Aug. 10, 2010 Aug. 13, 2010 Nov. 1, 2011 Jan. 10, 2012 Apr. 18, 2012 July 25, 2012
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	China, Taiwan	Feb. 7, 2006 July 25, 2006 June 7, 2015
337-TA-416	Certain Compact Multipurpose Tools	China, Taiwan	July 1, 2011 Oct. 21, 2011 Oct. 21, 2011 Oct. 21, 2011
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, And Components Thereof	Taiwan, China	May 31, 2008
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	Nonpatent
337-TA-440	Certain 4-Androstenediol	China	July 13, 2018
337-TA-446	Certain Ink Jet Cartridges and Components Thereof	Taiwan	Nov. 22, 2005 Nov. 22, 2005 Dec. 6, 2005 Nov. 3, 2007 Dec. 22, 2008 Apr. 25, 2012
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles	Taiwan, Israel, Germany	July 8, 2014
337-TA-460	Certain Sortation Systems, Parts Thereof, and Products Containing Same	Netherlands	Oct. 31, 2010
337-TA-473	Certain Video Game Systems, Accessories, and Components Thereof	No foreign respondents	Dec. 18, 2015 Dec. 25, 2015
337-TA-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-487	Certain Agricultural Vehicles and Components Thereof	China, Netherlands, France, Germany, and Canada	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	June 18, 2011

See footnotes at end of table.

Table A-7—*Continued*
Outstanding Section 337 exclusion orders as of December 31, 2004

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-492	Certain Plastic Grocery and Retail Bags	Thailand, China, Singapore, Hong Kong	Dec. 6, 2010
337-TA-498	Certain Insect Traps	China	Jan. 30, 2018
337-TA-500	Certain Purple Protective Gloves	Malaysia, China	Nonpatent

[1] This column lists the countries of the foreign respondents named in the investigation.
[2] Multiple dates indicate the expiration dates of separate patents within the investigation.
[3] Patent term extended pursuant to 35 U.S.C. 154(c).
Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-8
U.S. imports for consumption of leading GSP duty-free imports, 2004

(1,000 dollars)

HTS Rank	HTS No.	Description	Total imports	GSP eligible	GSP duty-free
1	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	57,839,053	5,120,917	3,807,704
2	7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	5,165,600	2,813,902	2,496,598
3	2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	1,036,733	844,256	378,262
4	8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	5,433,529	759,411	356,814
5	7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	891,656	393,222	317,205
6	2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	36,174,062	620,779	295,666
7	7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	1,344,088	282,123	280,715
8	7202.41.00	Ferrochromium containing more than 3 percent of carbon	274,864	274,806	272,716
9	7202.30.00	Ferrosilicon manganese	385,890	272,839	269,438
10	4412.19.40	Plywood of wood sheets not over 6 mm thick, with outer plies of coniferous wood, with face ply n.e.s.o.i., clear or not surface covered	451,977	251,143	250,074
11	8708.39.50	Brakes and servo-brakes and parts thereof, n.e.s.o.i., excluding mounted brake linings, for motor vehicles not agricultural tractors	2,951,888	260,639	244,643
12	2909.19.14	Methyl tertiary-butyl ether (MTBE)	697,321	262,889	213,994
13	8528.12.28	Non-high definition color television reception apparatus, nonprojection, video display diagonal over 35.56 cm, incorporating a VCR or player	552,102	193,306	183,813
14	8708.70.45	Road wheels for motor vehicles	1,577,084	188,334	182,243
15	4107.11.50	Full grain unsplit upholstery leather of bovines n.e.s.o.i. and equines, no hair on, prepared after tanning or crusting, not of HTS 4114	281,150	182,709	181,148
16	7408.11.60	Refined copper wire, with a maximum cross-sectional dimension over 6 but not over 9.5 millimeters	704,008	176,538	174,651
17	8409.99.91	Parts n.e.s.o.i., used solely or principally with compression-ignition internal combustion piston engines, for motor vehicles	782,344	190,056	168,750
18	8708.99.80	Parts and accessories n.e.s.o.i., of motor vehicles, n.e.s.o.i.	5,705,787	219,784	166,755
19	4418.90.45	Builders' joinery and carpentry of wood, including cellular wood panels, n.e.s.o.i.	1,316,760	167,929	158,388
20	6802.93.00	Monumental or building stone & arts. thereof, of granite, further worked than simply cut/sawn, n.e.s.o.i.	907,614	388,411	148,989
		Top 20 items	124,473,509	13,863,992	10,548,568
		All other	1,328,871,750	19,945,726	12,148,869
		Total	1,453,345,259	33,809,718	22,697,437

Note.—Statistics do not include imports from the U.S. Virgin Islands. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-9
U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule, 2004

(Million dollars)

HTS sector	Rank	Description	Total imports	GSP eligible	GSP duty free
SECTION I	1	Live animals; animal products	17,318	89	77
SECTION II	2	Vegetable products	16,277	1,118	289
SECTION III	3	Animal and vegetable fats, oils, and waxes	2,226	106	100
SECTION IV	4	Prepared foodstuffs; beverages, spirits; tobacco	29,510	1,972	1,107
SECTION V	5	Mineral products	192,943	6,116	4,255
SECTION VI	6	Chemical products	105,937	2,502	1,347
SECTION VII	7	Plastics and rubber	39,831	2,076	1,420
SECTION VIII	8	Raw hides and skins, leather, furskins; saddlery; handbags	9,417	549	493
SECTION IX	9	Wood; charcoal; cork ; straw and other plaiting materials	23,552	1,381	1,012
SECTION X	10	Wood pulp; paper and paperboard	24,023	0	0
SECTION XI	11	Textiles and textile articles	86,601	324	224
SECTION XII	12	Footwear; headgear; umbrellas; artificial flowers	19,615	48	40
SECTION XIII	13	Stone, plaster, cement, asbestos, ceramic and glass articles	14,662	1,530	1,024
SECTION XIV	14	Pearls, precious or semi-precious stones; imitation jewelry	33,291	3,806	3,115
SECTION XV	15	Base metals and articles of base metal	78,094	3,727	2,915
SECTION XVI	16	Machinery and appliances; electrical equipment	382,761	5,445	3,094
SECTION XVII	17	Vehicles, aircraft, vessels, transport equipment	211,222	1,605	1,277
SECTION XVIII	18	Optical, photographic, medical, and musical instruments; clocks	49,423	805	407
SECTION XIX	19	Arms and ammunition; parts and accessories thereof	1,357	59	56
SECTION XX	20	Miscellaneous manufactured articles	58,891	553	447
SECTION XXI	21	Works of art, collectors' pieces and antiques	5,298	0	0
SECTION XXII	22	Special classification provisions	51,094	0	0
		Total	1,453,345	33,810	22,697

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

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

Table A-10
U.S. imports for consumption under AGOA provisions, by source, 2002-04

(1,000 dollars)

Rank	Source	2002	2003	2004	Percent Change 2003-04
1	Nigeria	5,409,176	9,353,914	15,415,913	64.8
2	Gabon	1,145,478	1,177,431	1,919,407	63.0
3	Angola	([1])	([1])	1,249,211	([2])
4	South Africa	789,552	998,420	832,441	-16.6
5	Lesotho	317,803	372,544	447,622	20.2
6	Republic of the Congo	103,808	337,899	342,248	1.3
7	Madagascar	75,838	186,187	314,842	69.1
8	Chad	0	14,438	293,801	1,934.9
9	Kenya	124,337	180,599	279,898	55.0
10	Cameroon	115,542	146,746	242,725	65.4
11	Swaziland	74,312	127,005	175,927	38.5
12	Mauritius	106,528	135,111	147,816	9.4
13	Côte d'Ivoire	27,265	46,361	88,601	91.1
14	Namibia	1,543	32,132	75,904	136.2
15	Ghana	23,001	29,156	63,170	116.7
16	Malawi	41,320	35,837	35,052	-2.2
17	Guinea-Bissau	0	0	26,131	([2])
18	Botswana	3,707	6,324	20,138	218.5
19	Uganda	13	1,442	4,022	179.0
20	Ethiopia	1,319	1,772	3,532	99.3
21	Tanzania	639	1,110	2,984	168.8
22	Cape Verde	0	2,452	2,902	18.3
23	Mozambique	186	2,516	2,151	-14.5
24	Zambia	52	0	22	([2])
25	Senegal	0	11	7	-36.4
26	Mali	1	0	3	814.6
27	Sierra Leone	0	0	3	([2])
28	Niger	0	2	0	-100.0
	Total	8,361,422	13,189,410	21,986,472	66.7

[1] Not AGOA-eligible.
[2] Undefined.

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

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

Table A-11
U.S. imports for consumption of leading imports under AGOA, 2002-04

(1,000 dollars)

HTS No.	Description	2002	2003	2004	Percent Change 2003-04
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	6,436,960	10,492,817	18,548,189	76.8
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.	312,863	400,227	550,644	37.6
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	159,734	233,175	360,754	54.7
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	153,938	254,571	314,851	23.7
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	16,140	51,248	314,487	513.7
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	161,475	213,648	277,652	30.0
2710.11.25	Naphthas (exc. motor fuel/mtr fuel blend. stock) fr petroleum oils & bitumin minerals (o/than crude) or preps 70%+ by wt. fr petroleum oils	47,388	137,767	220,652	60.2
8703.23.00	Mtr cars & o/mtr. vehicles for transport of persons, w/spark-ign. int. combust. recip. piston engine w/cyl. cap. o/1500 cc n/o 3000 cc	338,959	319,362	205,157	-35.8
8703.24.00	Mtr cars & o/mtr. vehicles for transport of persons, w/spark-ign. int. combust. recip. piston engine w/cyl. cap. o/ 3000 cc	132,784	303,862	204,194	-32.8
7202.11.50	Ferromanganese containing by weight more than 4 percent of carbon	43,305	39,394	143,210	263.5
6110.30.30	Sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, n.e.s.o.i.	39,506	57,190	77,738	35.9
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, n.e.s.o.i.	29,657	45,845	74,299	62.1
6109.10.00	T-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton	30,350	46,343	69,415	49.8
6104.62.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	25,021	42,931	66,849	55.7
6103.43.15	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	11,952	25,151	39,244	56.0
6104.63.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, n.e.s.o.i.	9,337	22,012	35,434	61.0
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	24,483	22,174	28,089	26.7
0802.90.98	Nuts nesi, fresh or dried, shelled	10,406	18,773	27,005	43.8
0805.10.00	Oranges, fresh or dried	15,335	23,612	26,431	11.9
6204.63.35	Women's or girls' trousers, breeches &shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	13,269	16,269	25,275	55.4
6103.42.10	Men's or boys' trousers, breeches and shorts, knitted or crocheted, of cotton	8,895	21,817	23,813	9.1
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	24,146	22,410	23,290	3.9
3823.70.60	Industrial fatty alcohols other than derived from fatty substances of animal or vegetable origin	0	5,527	21,986	297.8
6110.12.10	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of Kashmir goats, wholly of cashmere	7,030	16,921	18,333	8.3
2204.21.50	Wine other than Tokay (not carbonated), not over 14% alcohol, in containers not over 2 liters	9,443	12,970	18,241	40.6
	Subtotal	8,062,373	12,846,016	21,715,231	69.0
	Other	299	343	271	-21.0
	Total	8,361,422	13,189,410	21,986,472	66.7

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-12
U.S. imports for consumption under ATPA provisions, by source, 2002-04

(1,000 dollars)

Rank	Source	2002	2003	2004	Percent Change 2003-04
1	Colombia	404,148	2,908,692	3,888,888	33.7
2	Ecuador	177,734	1,553,604	2,747,335	76.8
3	Peru .	381,814	1,279,283	1,602,673	25.3
4	Bolivia	37,119	94,453	120,363	27.4
	Total	1,000,816	5,836,032	8,359,258	43.2

Note.—Because of rounding, figures may not add to the totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-13
U.S. imports for consumption of leading imports under ATPA, 2002-04

(1,000 dollars)

HTS No.	Description	2002	2003	2004	Percent Change 2003-04
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	119,804	1,434,729	2,891,605	101.5
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	66,571	1,556,843	1,742,257	11.9
7403.11.00	Cathodes and sections of cathodes, of refined copper	248,663	447,368	422,392	-5.6
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.	7,263	236,458	378,163	59.9
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	0	202,262	297,903	47.3
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	9,722	174,970	253,009	44.6
0603.10.60	Roses, fresh cut	69,765	204,473	238,799	16.8
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	43,302	124,475	181,902	46.1
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	0	115,382	153,443	33.0
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	0	84,559	128,319	51.8
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	46,539	98,709	98,123	-0.6
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	0	50,922	96,972	90.4
0709.20.90	Asparagus, fresh or chilled, not reduced in size, not entered Sept. 15-Nov. 15	31,589	60,498	79,478	31.4
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	36,704	59,108	76,376	29.2
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	0	37,888	63,767	68.3
2402.20.80	Cigarettes containing tobacco but not clove, paper-wrapped	20,524	55,271	57,946	4.8
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	0	29,743	44,605	50.0
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	21,828	42,039	40,765	-3.0
0603.10.30	Miniature (spray) carnations, fresh cut	13,239	23,213	32,035	38.0
1604.14.30	Tunas and skipjack, not in oil, in airtight containers, over 7 kilograms, or over quota	0	25,474	31,466	23.5
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	0	17,666	27,819	57.5
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period from Sept. 1, in any year, to the following May 31, inclusive	7,601	25,078	25,853	3.1
7113.19.21	Rope necklaces and neck chains of gold	9,232	10,791	22,854	111.8
1701.11.10	Raw sugar not containing added flavoring or coloring	3,637	26,083	21,158	-18.9
6908.90.00	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i.	5,323	14,284	19,947	39.6
	Total of items shown	761,307	5,158,286	7,426,954	44.0
	All other	239,509	677,746	932,304	37.6
	Total of all commodities	1,000,816	5,836,032	8,359,258	43.2

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-14
U.S. imports for consumption under CBERA provisions, by source, 2000-04

(1,000 dollars)

Rank	Source	2000	2001	2002	2003	2004	Percent Change 2003-04
1	Dominican Republic	852,294	2,363,324	2,679,342	2,614,736	2,598,254	-0.6
2	Honduras	252,149	1,670,844	1,989,871	2,175,122	2,314,464	6.4
3	Trinidad and Tobago	329,471	753,448	1,173,434	1,410,853	1,674,430	18.7
4	Guatemala	264,630	744,157	1,044,628	1,088,930	1,189,520	9.2
5	El Salvador	71,565	1,008,274	1,144,089	1,185,146	1,125,843	-5.0
6	Costa Rica	617,142	1,011,454	1,154,516	1,083,025	1,078,966	-0.4
7	Nicaragua	57,555	147,887	212,845	249,015	331,229	33.0
8	Haiti	25,160	158,698	176,509	210,690	218,264	3.6
9	Jamaica	89,459	195,207	194,059	178,939	166,708	-6.8
10	Bahamas	74,451	75,811	70,881	87,996	92,705	5.4
11	Belize	32,360	48,519	42,834	41,583	44,477	7.0
12	Panama	42,639	42,254	41,551	40,834	32,791	-19.7
13	St. Kitts-Nevis	27,613	29,490	27,305	25,713	29,663	15.4
14	Guyana	17,143	23,769	21,912	16,668	21,048	26.3
15	St. Lucia	7,471	7,225	7,980	5,288	5,836	10.4
16	Netherlands Antilles	3,624	6,043	3,089	2,714	5,206	91.8
17	Barbados	10,441	12,002	12,357	6,951	3,513	-49.5
18	St. Vincent and Grenadines	1,947	2,223	5,514	2,536	2,925	15.4
19	Dominica	196	80	374	2,528	369	-85.4
20	British Virgin Islands	31	21	66	229	319	39.3
21	Antigua	4	152	43	60	51	-15.3
22	Aruba	128	22	23	69	29	-57.8
23	Grenada	16,702	7,265	37	3	11	323.0
24	Montserrat	0	0	0	0	0	N/A
	Total	2,794,174	8,308,171	10,003,260	10,429,629	10,936,621	4.9

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

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

Table A-15
U.S. imports for consumption of leading imports under CBERA, 2002-04

(1,000 dollars)

HTS No.	Description	2002	2003	2004	Percent Change 2003-04
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	1,093,055	1,195,086	1,266,969	6.0
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	485,435	677,858	830,281	22.5
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	609,776	741,541	802,713	8.2
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	863,751	822,045	797,626	-3.0
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	219,876	340,004	460,208	35.4
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	438,609	440,893	376,493	-14.6
6212.10.90	Brassieres, not containing lace, net, or embroidery, not 70 percent or more silk, whether or not knitted or crocheted	385,518	283,415	337,205	19.0
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	289,466	343,506	318,984	-7.1
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	290,408	269,829	294,025	9.0
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	228,526	228,348	249,880	9.5
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	138,743	183,571	232,861	26.9
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	261,127	219,738	223,392	1.7
6115.92.90	Stockings, socks, and other hosiery, not surgical and not containing lace or net, knitted or crocheted, of cotton, n.e.s.o.i.	4	157,970	213,763	35.3
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.	215,416	160,934	205,236	27.5
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	227,516	186,333	193,815	4.0
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	130,900	167,502	179,559	7.2
6109.90.10	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of man-made fibers	173,750	133,081	154,890	16.4
1701.11.10	Raw sugar not containing added flavoring or coloring	148,769	128,001	138,293	8.0
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	28,770	66,155	126,377	91.0
6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	95,140	97,214	123,606	27.1
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	168,287	194,147	99,141	-48.9
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	53,078	74,145	96,813	30.6
0804.30.20	Pineapples, fresh or dried, not reduced in size, in bulk	100	1,188	95,451	7,935.1
8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 volts	77,141	91,292	94,771	3.8
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	91,467	95,222	90,099	-5.4
	Total of items shown	6,714,399	7,299,017	8,002,568	9.6
	All other	3,288,633	3,130,612	2,934,053	-6.3
	Total of all commodities	10,003,260	10,429,629	10,936,621	4.9

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-16
U.S. merchandise trade with European Union,[1] by SITC codes (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	3,547,382	3,815,784	4,177,598	9.5
1	Beverages and tobacco	1,266,472	1,335,127	1,390,822	4.2
2	Crude materials, inedible, except fuels	5,509,760	5,481,299	5,721,843	4.4
3	Mineral fuels, lubricants and related materials	1,331,411	1,149,193	2,310,313	101.0
4	Animal and vegetable oils, fats and waxes	135,140	136,202	124,230	-8.8
5	Chemicals and related products, n.e.s.	23,493,206	27,750,994	33,412,161	20.4
6	Manufactured goods classified chiefly by material	7,617,704	7,835,845	8,558,298	9.2
7	Machinery and transport equipment	65,856,659	65,320,965	68,841,299	5.4
8	Miscellaneous manufactured articles	17,997,442	18,821,855	21,529,520	14.4
9	Commodities and transactions not classified elsewhere in the SITC	5,807,510	6,490,789	5,895,503	-9.2
	Total all exports commodities	132,562,685	138,138,053	151,961,588	10.0
Imports:					
0	Food and live animals	3,643,423	4,085,757	4,258,960	4.2
1	Beverages and tobacco	5,779,257	6,592,324	7,001,632	6.2
2	Crude materials, inedible, except fuels	1,952,295	2,023,675	2,870,164	41.8
3	Mineral fuels, lubricants and related materials	8,021,041	10,213,616	13,743,978	34.6
4	Animal and vegetable oils, fats and waxes	490,108	583,676	769,990	31.9
5	Chemicals and related products, n.e.s.	47,206,951	55,151,837	60,507,591	9.7
6	Manufactured goods classified chiefly by material	22,474,821	23,593,824	28,887,145	22.4
7	Machinery and transport equipment	92,766,919	97,247,779	104,820,114	7.8
8	Miscellaneous manufactured articles	28,873,050	30,302,377	34,313,559	13.2
9	Commodities and transactions not classified elsewhere in the SITC	12,523,920	12,415,615	13,075,615	5.3
	Total all imports commodities	223,731,786	242,210,479	270,248,748	11.6

[1] Includes 15 EU countries.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”

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

Table A-17
Leading exports to the European Union,[1] by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	6,080,533	5,816,183	6,982,549	20.1
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	3,362,003	4,240,570	5,550,516	30.9
8803.30 9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,354,157	3,434,912	3,706,173	7.9
8473.30	Parts and accessories for automated data processing machines and units	4,582,910	4,697,531	3,624,928	-22.8
8411.91	Parts for turbojets or turbopropellers	3,472,683	3,231,321	3,499,421	8.3
3002.10	Antisera and other blood fractions, and modified immunological products	1,317,441	1,831,009	2,511,225	37.1
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,135,703	2,072,681	2,442,244	17.8
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,624,885	1,690,134	2,026,206	19.9
8411.12	Turbojets of a thrust exceeding 25 kN	1,799,174	1,642,962	1,994,111	21.4
8542.21	Electronic monolithic digital integrated circuits	2,061,125	2,155,578	1,905,419	-11.6
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,448,520	1,642,517	1,821,188	10.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,731,568	1,387,519	1,641,652	18.3
2937.90	Other hormones, their derivatives and structural analogues, including chain modified polypeptides, used primarily as hormones, n.e.s.o.i.	427,177	538,938	1,638,918	204.1
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	445,213	473,019	1,580,323	234.1
8471.80	Other units of automated data processing machines	1,443,327	1,476,196	1,467,803	-0.6
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	853,552	1,059,515	1,300,757	22.8
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	796,069	1,278,701	1,289,941	0.9
8411.99	Gas turbines parts, n.e.s.o.i.	1,125,009	1,095,405	1,277,483	16.6
8517.50	Other apparatus for carrier-current line systems or for digital line systems	806,702	709,433	1,228,748	73.2
8517.90	Parts of telephonic or telegraphic apparatus	1,233,340	912,591	1,103,592	20.9
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	330,372	119,081	1,102,341	825.7
2933.39	Heterocyclic compounds containing an unfused pyridine ring, whether or not hydrogenated, in the structure, n.e.s.o.i.	248,821	1,117,360	976,147	-12.6
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,747,739	2,003,862	915,642	-54.3
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	859,915	901,214	914,516	1.5
	Total of items shown	46,844,930	50,271,766	57,503,874	14.4
	All other	85,717,755	87,866,287	94,457,713	7.5
	Total of all commodities	132,562,685	138,138,053	151,961,588	10.0

[1] Includes 15 EU countries.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-18
Leading imports from the European Union,[1] by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	14,844,121	16,151,810	15,973,636	-1.1
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	11,238,935	13,860,396	15,842,244	14.3
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	11,417,058	14,104,173	14,937,193	5.9
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	8,304,532	7,753,669	7,989,455	3.0
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	2,936,875	3,633,302	6,698,019	84.3
2934.99	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds, n.e.s.o.i.	5,880,598	6,613,239	6,166,927	-6.7
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	4,158,784	3,957,540	4,581,117	15.8
9999.95	Estimated “low valued” shipments	3,417,580	3,745,572	4,197,219	12.1
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	2,109,453	2,971,733	3,777,884	27.1
8411.91	Parts for turbojets or turbopropellers	3,269,714	3,223,954	3,636,112	12.8
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	4,545,500	3,348,542	3,415,654	2.0
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,432,145	2,713,795	2,873,610	5.9
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	2,927,325	2,195,904	2,859,729	30.2
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	589,163	1,003,980	2,238,651	123.0
8473.30	Parts and accessories for automated data processing machines and units	1,924,027	2,037,033	1,878,558	-7.8
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,487,537	1,823,313	1,761,141	-3.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,243,982	1,511,039	1,715,196	13.5
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	1,420,862	1,825,882	1,711,080	-6.3
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,759,978	1,656,785	1,689,982	2.0
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	1,867,032	2,023,416	1,668,644	-17.5
3302.10	Mixtures of odoriferous substances and mixtures with a basis of these substances, used in the food or drink industries	31,464	929,453	1,665,575	79.2
8411.12	Turbojets of a thrust exceeding 25 kN	2,616,552	1,491,197	1,452,077	-2.6
2203.00	Beer made from malt	1,254,003	1,279,237	1,280,077	0.1
8542.21	Electronic monolithic digital integrated circuits	1,599,567	1,593,600	1,279,840	-19.7
9021.50	Pacemakers for stimulating heart muscles	732,075	1,158,830	1,237,949	6.8
	Total of items shown	94,008,862	102,607,393	112,527,569	9.7
	All other	129,722,924	139,603,086	157,721,179	13.0
	Total of all commodities	223,731,786	242,210,479	270,248,748	11.6

[1] Includes 15 EU countries.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-19
U.S. merchandise trade with Canada, by SITC codes (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	7,693,335	8,167,202	8,450,034	3.5
1	Beverages and tobacco	388,755	454,715	472,654	3.9
2	Crude materials, inedible, except fuels	4,115,162	4,371,962	4,692,290	7.3
3	Mineral fuels, lubricants and related materials	2,594,731	3,968,800	5,386,048	35.7
4	Animal and vegetable oils, fats and waxes	202,761	257,981	288,416	11.8
5	Chemicals and related products, n.e.s.	15,559,747	16,990,467	18,820,375	10.8
6	Manufactured goods classified chiefly by material	20,664,276	20,782,720	23,666,717	13.9
7	Machinery and transport equipment	73,008,416	74,275,974	79,502,194	7.0
8	Miscellaneous manufactured articles	14,317,223	15,056,047	16,195,557	7.6
9	Commodities and transactions not classified elsewhere in the SITC	3,998,696	4,422,738	5,693,605	28.7
	Total all exports commodities	142,543,103	148,748,606	163,167,889	9.7
Imports:					
0	Food and live animals	11,010,921	10,961,510	11,909,676	8.6
1	Beverages and tobacco	896,038	889,857	874,250	-1.8
2	Crude materials, inedible, except fuels	10,123,750	9,733,277	12,835,713	31.9
3	Mineral fuels, lubricants and related materials	29,561,267	41,268,537	48,825,684	18.3
4	Animal and vegetable oils, fats and waxes	310,322	361,121	480,205	33.0
5	Chemicals and related products, n.e.s.	12,080,352	13,495,946	16,640,280	23.3
6	Manufactured goods classified chiefly by material	32,093,387	33,239,217	39,890,415	20.0
7	Machinery and transport equipment	83,390,303	84,176,846	92,758,904	10.2
8	Miscellaneous manufactured articles	14,295,286	14,580,450	15,658,452	7.4
9	Commodities and transactions not classified elsewhere in the SITC	16,756,276	15,309,344	15,786,500	3.1
	Total all imports commodities	210,517,904	224,016,104	255,660,079	14.1

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”

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

Table A-20
Leading exports to Canada, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,286,445	5,192,437	5,311,762	2.3
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,727,589	5,181,735	5,257,245	1.5
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,121,944	5,157,224	4,647,283	-9.9
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,207,729	3,538,755	4,509,237	27.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	4,088,608	3,957,358	4,289,624	8.4
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,798,039	3,257,471	3,559,046	9.3
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	3,732,343	3,705,931	3,400,726	-8.2
8708.40	Gear boxes for motor vehicles	2,233,966	2,096,680	2,495,050	19.0
2711.21	Natural gas, gaseous state	369,068	1,077,503	1,920,983	78.3
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,359,727	1,571,861	1,533,809	-2.4
8409.91	Parts for spark-ignition internal-combustion piston engines	1,317,340	1,315,897	1,446,491	9.9
8701.20	Road tractors for semi-trailers	842,461	1,010,098	1,391,587	37.8
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	900,756	914,910	1,158,474	26.6
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	832,895	1,134,561	1,098,813	-3.2
8542.21	Electronic monolithic digital integrated circuits	794,074	792,460	1,094,510	38.1
8708.39	Brakes and servo-brakes and parts for motor	1,073,616	1,074,253	1,073,427	-0.1
8473.30	Parts and accessories for automated data processing machines and units	1,017,821	907,139	1,064,572	17.4
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	656,325	849,784	1,046,117	23.1
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,001,802	1,077,048	1,030,760	-4.3
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,034,000	999,760	944,185	-5.6
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	649,700	644,512	855,124	32.7
2716.00	Electrical energy	303,527	715,999	829,021	15.8
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	448,709	570,845	825,341	44.6
4901.99	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	736,979	772,012	807,475	4.6
4902.90	Newspapers, etc. appearing less than 4 times per week	597,576	750,344	806,784	7.5
	Total of items shown	45,133,039	48,266,580	52,397,445	8.6
	All other	97,410,064	100,482,026	110,770,444	10.2
	Total of all commodities	142,543,103	148,748,606	163,167,889	9.7

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-21
Leading imports from Canada, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	26,230,092	26,064,196	30,237,806	16.0
2711.21	Natural gas, gaseous state	11,428,452	18,249,135	19,481,048	6.8
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	11,195,903	14,086,365	18,888,253	34.1
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	10,599,634	9,014,921	8,705,325	-3.4
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	8,134,225	7,959,664	7,497,576	-5.8
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	5,189,480	4,570,189	6,688,903	46.4
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,765,859	4,391,893	5,564,836	26.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,827,607	4,329,341	4,768,895	10.2
9999.95	Estimated "low valued" shipments	3,575,721	3,809,534	4,344,464	14.0
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	1,996,506	2,558,353	3,165,699	23.7
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,810,250	3,297,211	3,160,575	-4.1
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	1,959,502	2,571,747	3,143,668	22.2
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,168,140	2,393,861	2,876,928	20.2
4801.00	Newsprint, in rolls or sheets	2,955,524	2,906,964	2,874,785	-1.1
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	2,836,859	3,161,004	2,232,172	-29.4
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	1,653,534	1,560,852	1,964,179	25.8
7601.20	Unwrought aluminum alloys	1,488,374	1,467,165	1,766,921	20.4
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,086,636	2,044,189	1,739,660	-14.9
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	1,238,946	1,399,435	1,682,332	20.2
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	1,474,471	1,400,684	1,583,605	13.1
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	830,116	1,322,606	1,552,459	17.4
4410.21	Oriented strand board and waferboard, of wood, unworked or not further worked than sanded	498,998	953,221	1,512,389	58.7
2711.12	Propane, liquefied	847,754	1,329,489	1,377,993	3.6
7601.10	Aluminum, not alloyed, unwrought	877,665	1,259,320	1,351,748	7.3
4410.29	Oriented strand board and waferboard, of wood, further worked than sanded	551,092	972,729	1,276,209	31.2
	Total of items shown	110,221,343	123,074,067	139,438,425	13.3
	All other	100,296,561	100,942,037	116,221,654	15.1
	Total of all commodities	210,517,904	224,016,104	255,660,079	14.1

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-22
U.S. merchandise trade with Mexico, by SITC codes (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	4,864,800	5,355,649	5,882,117	9.8
1	Beverages and tobacco	100,001	106,655	109,898	3.0
2	Crude materials, inedible, except fuels	3,092,197	3,350,363	3,583,687	7.0
3	Mineral fuels, lubricants and related materials	3,237,193	2,827,585	3,231,745	14.3
4	Animal and vegetable oils, fats and waxes	451,139	372,564	489,354	31.3
5	Chemicals and related products, n.e.s.	8,443,193	9,544,166	11,777,129	23.4
6	Manufactured goods classified chiefly by material	12,396,590	12,288,490	14,618,422	19.0
7	Machinery and transport equipment	38,991,422	35,808,119	39,725,284	10.9
8	Miscellaneous manufactured articles	10,614,073	9,781,618	9,660,912	-1.2
9	Commodities and transactions not classified elsewhere in the SITC	3,885,475	3,672,889	3,939,156	7.2
	Total all exports commodities	86,076,082	83,108,096	93,017,703	11.9
Imports:					
0	Food and live animals	4,517,402	5,247,899	6,116,690	16.6
1	Beverages and tobacco	1,623,865	1,738,693	1,813,501	4.3
2	Crude materials, inedible, except fuels	789,472	782,920	1,000,217	27.8
3	Mineral fuels, lubricants and related materials	11,552,141	14,746,109	18,924,398	28.3
4	Animal and vegetable oils, fats and waxes	21,443	26,406	33,773	27.9
5	Chemicals and related products, n.e.s.	2,187,978	2,235,183	2,911,222	30.2
6	Manufactured goods classified chiefly by material	9,439,156	9,459,428	12,106,713	28.0
7	Machinery and transport equipment	76,905,602	75,681,179	83,717,657	10.6
8	Miscellaneous manufactured articles	21,283,606	21,295,025	21,707,996	1.9
9	Commodities and transactions not classified elsewhere in the SITC	5,800,511	5,986,412	6,626,603	10.7
	Total all imports commodities	134,121,175	137,199,254	154,958,771	12.9

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”

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

Table A-23
Leading exports to Mexico, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,146,328	3,003,106	3,347,992	11.5
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	1,608,744	1,550,647	2,124,858	37.0
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,591,787	2,030,302	2,106,568	3.8
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,427,753	1,622,317	1,863,393	14.9
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,483,062	1,189,891	1,637,777	37.6
8408.20	Compression-ignition internal-combustion piston engines	792,127	1,052,566	1,496,783	42.2
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,500,455	1,394,885	1,456,909	4.4
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	781,692	953,621	1,206,238	26.5
8473.30	Parts and accessories for automated data processing machines and units	1,549,774	1,090,401	1,072,728	-1.6
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,370,887	1,065,094	1,037,171	-2.6
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	778,242	833,699	978,299	17.3
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	619,214	680,201	869,623	27.8
8542.21	Electronic monolithic digital integrated circuits	894,258	813,480	822,927	1.2
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	868,460	579,350	788,898	36.2
1201.00	Soybeans, whether or not broken	836,385	990,093	784,919	-20.7
8542.29	Electronic monolithic integrated circuits, other than digital	480,065	661,835	782,914	18.3
7326.90	Articles of iron or steel n.e.s.o.i.	747,845	726,397	766,680	5.5
8708.40	Gear boxes for motor vehicles	640,316	591,504	741,645	25.4
1005.90	Corn (maize), other than seed	590,305	660,959	683,694	3.4
8540.11	Cathode-ray television picture tubes, color, including monitor	1,374,258	860,434	648,037	-24.7
3923.10	Boxes, cases, crates and similar articles, of plastics	572,358	587,198	628,476	7.0
4819.10	Cartons, boxes and cases corrugated paper and paperboard	517,470	522,806	581,766	11.3
8503.00	Parts of electric motors, generators and sets	503,159	540,426	559,752	3.6
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	395,395	465,186	515,426	10.8
5201.00	Cotton, not carded or combed	319,403	426,776	494,040	15.8
	Total of items shown	26,389,740	24,893,173	27,997,513	12.5
	All other	59,686,341	58,214,923	65,020,190	11.7
	Total of all commodities	86,076,082	83,108,096	93,017,703	11.9

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-24
Leading imports from Mexico, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	10,489,963	13,629,630	17,186,105	26.1
8528.12	Incomplete or unfinished color reception apparatus for televisions	4,713,232	5,202,728	7,270,548	39.7
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,588,372	5,837,537	5,580,421	-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	7,504,118	5,619,590	5,347,834	-4.8
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	3,848,199	3,953,642	4,257,519	7.7
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,666,169	3,198,490	4,253,867	33.0
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	4,384,409	4,220,588	4,153,783	-1.6
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	1,974,339	2,781,912	3,417,792	22.9
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	2,739,617	3,172,250	3,095,072	-2.4
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	4,268,506	3,652,196	2,822,123	-22.7
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,632,676	1,826,850	2,228,682	22.0
8525.20	Transmission apparatus incorporating reception apparatus	1,657,487	1,463,742	2,074,212	41.7
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,541,891	1,745,652	2,032,188	16.4
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,235,979	1,354,805	1,779,050	31.3
9999.95	Estimated “low valued” shipments	1,512,339	1,558,083	1,776,065	14.0
8517.50	Other apparatus for carrier-current line systems or for digital line systems	1,365,453	1,566,000	1,664,472	6.3
6203.42	Men’s or boys’ trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,517,404	1,481,010	1,442,601	-2.6
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts	1,211,250	1,437,350	1,420,425	-1.2
8527.21	Radiobroadcast receivers for motor vehicles	1,482,887	1,436,115	1,334,202	-7.1
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	930,786	631,210	1,239,133	96.3
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	855,114	1,096,934	1,218,264	11.1
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,213,570	1,166,702	1,212,036	3.9
6204.62	Women’s or girls’ trousers, etc., of cotton, not knitted or crocheted	1,292,223	1,117,563	1,204,101	7.7
8409.91	Parts for spark-ignition internal-combustion piston engines	831,722	881,083	1,174,384	33.3
8471.60	Input or output units for automated data processing machines	2,659,050	1,680,313	1,174,316	-30.1
	Total of items shown	68,116,753	71,711,975	80,359,194	12.1
	All other	66,004,422	65,487,279	74,599,577	13.9
	Total of all commodities	134,121,175	137,199,254	154,958,771	12.9

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-25
U.S. merchandise trade with China, by SITC codes (revision 3), 2002-04

(1,000 dollars)

SITC code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	534,982	790,805	1,303,938	64.9
1	Beverages and tobacco	5,364	11,488	35,506	209.1
2	Crude materials, inedible, except fuels	3,265,599	6,726,992	7,931,789	17.9
3	Mineral fuels, lubricants and related materials	93,753	129,627	220,952	70.5
4	Animal and vegetable oils, fats and waxes	27,940	102,630	34,393	-66.5
5	Chemicals and related products, n.e.s.	2,914,450	3,561,020	4,666,949	31.1
6	Manufactured goods classified chiefly by material	1,259,138	1,933,410	2,124,827	9.9
7	Machinery and transport equipment	10,603,836	11,289,215	13,440,422	19.1
8	Miscellaneous manufactured articles	1,619,253	1,894,113	2,499,787	32.0
9	Commodities and transactions not classified elsewhere in the SITC	228,676	267,637	347,721	29.9
	Total all exports commodities	20,552,991	26,706,938	32,606,283	22.1
Imports:					
0	Food and live animals	1,502,654	1,995,720	2,338,365	17.2
1	Beverages and tobacco	37,866	31,721	40,307	27.1
2	Crude materials, inedible, except fuels	634,057	773,219	1,043,298	34.9
3	Mineral fuels, lubricants and related materials	355,344	456,724	985,382	115.7
4	Animal and vegetable oils, fats and waxes	6,327	9,456	12,368	30.8
5	Chemicals and related products, n.e.s.	2,426,268	2,984,683	3,732,060	25.0
6	Manufactured goods classified chiefly by material	13,330,110	16,161,703	21,872,164	35.3
7	Machinery and transport equipment	46,018,538	60,478,484	86,401,526	42.9
8	Miscellaneous manufactured articles	59,076,653	66,917,133	77,376,206	15.6
9	Commodities and transactions not classified elsewhere in the SITC	1,407,847	1,811,300	2,357,838	30.2
	Total all imports commodities	124,795,665	151,620,144	196,159,513	29.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”

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

Table A-26
Leading exports to China, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
1201.00	Soybeans, whether or not broken	888,741	2,830,335	2,328,762	-17.7
8542.21	Electronic monolithic digital integrated circuits	824,260	1,556,009	1,666,867	7.1
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	3,075,855	2,167,638	1,614,676	-25.5
5201.00	Cotton, not carded or combed	137,986	733,080	1,406,669	91.9
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	309,500	291,403	535,732	83.8
1001.90	Wheat and meslin, excluding durum wheat	25,941	35,262	495,036	1,303.9
7404.00	Copper waste and scrap	228,518	407,516	477,013	17.1
8473.30	Parts and accessories for automated data processing machines and units	300,673	418,071	460,226	10.1
7204.49	Ferrous waste and scrap, n.e.s.o.i.	216,078	365,318	456,008	24.8
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	276,717	304,037	381,839	25.6
7602.00	Aluminum waste and scrap	169,610	234,219	320,833	37.0
3100.00	Fertilizers	656,767	457,034	311,266	-31.9
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	243,876	265,611	308,124	16.0
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	135,642	263,178	291,145	10.6
8542.29	Electronic monolithic integrated circuits, other than digital	165,426	182,763	284,478	55.7
2902.50	Styrene (vinylbenzene; phenylethylene)	37,551	200,506	268,392	33.9
8411.99	Gas turbines parts, n.e.s.o.i.	9,019	22,961	265,729	1,057.3
8517.90	Parts of telephonic or telegraphic apparatus	245,789	176,226	260,579	47.9
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	103,082	87,915	237,713	170.4
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	122,695	166,611	221,087	32.7
4707.10	Waste and scrap of unbleached kraft paper or paperboard or of corrugated paper or paperboard	78,307	178,948	212,916	19.0
7204.29	Waste and scrap, of non-stainless alloy steel	101,372	171,509	198,652	15.8
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	81,830	37,073	197,143	431.8
8471.49	Other digital automated data processing machines, entered in the form of systems	208,830	187,957	187,902	-0.0
2905.31	Ethylene glycol (ethanediol)	33,604	108,634	186,472	71.7
	Total of items shown	8,677,671	11,849,815	13,575,258	14.6
	All other	11,875,320	14,857,123	19,031,025	28.1
	Total of all commodities	20,552,991	26,706,938	32,606,283	22.1

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-27
Leading imports from China, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8471.60	Input or output units for automated data processing machines	5,634,222	7,275,003	11,016,763	51.4
8473.30	Parts and accessories for automated data processing machines and units	5,069,230	6,075,213	8,648,661	42.4
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	632,162	4,158,253	7,715,796	85.6
8525.20	Transmission apparatus incorporating reception apparatus	1,960,057	2,875,724	5,543,066	92.8
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	4,299,542	4,620,638	4,862,980	5.2
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	2,171,815	2,463,196	3,017,130	22.5
9503.90	Other toys and models, n.e.s.o.i.	2,444,947	2,437,545	2,376,812	-2.5
6402.99	Footwear with outer soles and uppers of rubber or plastics n.e.s.o.i.	2,271,769	2,167,679	2,311,944	6.7
9403.60	Wooden furniture, other than of a kind used in the bedroom	1,576,196	1,868,817	2,293,291	22.7
8525.40	Still image video cameras and other video camera recorders	667,404	1,379,631	2,163,247	56.8
8471.70	Automatic data processing storage units	1,696,379	1,721,964	2,120,053	23.1
9504.10	Video games used with television receiver and parts and accessories	1,571,375	2,108,226	1,958,229	-7.1
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,643,258	1,724,489	1,825,413	5.9
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	918,831	1,408,447	1,795,482	27.5
8504.40	Static converters	1,100,336	1,299,404	1,695,118	30.5
9999.95	Estimated "low valued" shipments	957,360	1,229,871	1,652,271	34.3
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	1,127,589	1,331,661	1,609,091	20.8
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,437,693	1,466,649	1,608,406	9.7
9403.20	Metal furniture, other than of a kind used in offices	1,016,671	1,278,779	1,453,558	13.7
8520.90	Other sound recording or reproducing equipment, n.e.s.o.i.	106,690	286,459	1,410,090	392.2
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	359,599	1,256,808	1,398,126	11.2
8471.80	Other units of automated data processing machines	453,187	625,884	1,249,163	99.6
9403.50	Wooden furniture, except seats, of a kind used in the bedroom	819,099	1,166,360	1,240,021	6.3
8517.11	Line telephone sets with cordless handsets	1,304,451	1,348,000	1,224,965	-9.1
9503.41	Stuffed toys, representing animals or non-human creatures, and parts and accessories	1,169,238	1,192,307	1,205,294	1.1
	Total of items shown	42,409,101	54,767,005	73,394,970	34.0
	All other	82,386,565	96,853,139	122,764,544	26.8
	Total of all commodities	124,795,665	151,620,144	196,159,513	29.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-28
U.S. merchandise trade with Japan, by SITC code (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	7,728,331	8,018,240	7,341,523	-8.4
1	Beverages and tobacco	1,337,552	1,344,165	1,290,983	-4.0
2	Crude materials, inedible, except fuels	2,847,895	2,913,597	3,033,508	4.1
3	Mineral fuels, lubricants and related materials	563,084	582,076	890,923	53.1
4	Animal and vegetable oils, fats and waxes	68,174	69,598	75,097	7.9
5	Chemicals and related products, n.e.s.	6,309,818	6,614,001	7,466,115	12.9
6	Manufactured goods classified chiefly by material	2,345,609	2,329,240	2,577,212	10.6
7	Machinery and transport equipment	18,413,723	18,401,743	18,708,425	1.7
8	Miscellaneous manufactured articles	7,288,865	7,197,891	7,524,430	4.5
9	Commodities and transactions not classified elsewhere in the SITC	1,369,963	1,391,601	1,584,545	13.9
	Total all exports commodities	48,273,014	48,862,153	50,492,760	3.3
Imports:					
0	Food and live animals	327,584	363,891	381,878	4.9
1	Beverages and tobacco	72,004	58,808	56,467	-4.0
2	Crude materials, inedible, except fuels	244,413	233,239	282,715	21.2
3	Mineral fuels, lubricants and related materials	201,675	209,700	206,614	-1.5
4	Animal and vegetable oils, fats and waxes	23,321	23,682	25,654	8.3
5	Chemicals and related products, n.e.s.	6,912,821	7,933,164	8,186,376	3.2
6	Manufactured goods classified chiefly by material	6,463,473	6,582,939	7,508,907	14.1
7	Machinery and transport equipment	92,103,559	89,238,622	97,605,383	9.4
8	Miscellaneous manufactured articles	11,286,632	10,211,700	11,394,373	11.6
9	Commodities and transactions not classified elsewhere in the SITC	3,626,993	3,629,310	3,886,333	7.1
	Total all imports commodities	121,262,473	118,485,056	129,534,698	9.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-29
Leading exports to Japan, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,605,282	2,585,362	2,875,057	11.2
1005.90	Corn (maize), other than seed	1,554,014	1,599,289	1,888,811	18.1
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,834,826	1,844,288	1,495,000	-18.9
1201.00	Soybeans, whether or not broken	831,161	957,493	1,010,560	5.5
8542.21	Electronic monolithic digital integrated circuits	1,552,185	1,421,596	1,005,774	-29.3
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	669,943	713,690	927,943	30.0
2402.20	Cigarettes containing tobacco	904,546	928,838	869,520	-6.4
8473.30	Parts and accessories for automated data processing machines and units	889,520	801,109	744,477	-7.1
8411.91	Parts for turbojets or turbopropellers	658,523	596,764	726,190	21.7
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	392,994	573,694	703,468	22.6
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds	878,348	783,288	685,808	-12.4
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	556,259	550,423	563,820	2.4
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	769,118	613,488	551,770	-10.1
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	471,260	527,668	530,379	0.5
1001.90	Wheat and meslin, excluding durum wheat	483,574	478,270	524,803	9.7
4403.20	Coniferous wood in the rough, not treated	428,366	427,699	499,041	16.7
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	434,684	466,013	473,980	1.7
0203.19	Meat of swine, n.e.s.o.i, fresh or chilled	391,024	387,219	456,642	17.9
8471.80	Other units of automated data processing machines	542,925	473,361	456,088	-3.6
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	363,653	376,082	432,690	15.1
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	45,930	690	385,165	55,714.0
8517.50	Other apparatus for carrier-current line systems or for digital line systems	266,650	309,029	370,594	19.9
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	132,603	162,322	362,866	123.5
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	249,935	241,070	358,927	48.9
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	107,261	117,634	344,338	192.7
	Total of items shown	17,014,584	17,936,380	19,243,710	7.3
	All other	31,258,430	30,925,773	31,249,049	1.0
	Total of all commodities	48,273,014	48,862,153	50,492,760	3.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-30
Leading imports from Japan, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	11,742,046	15,729,733	18,447,784	17.3
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	22,449,907	15,203,935	11,229,201	-26.1
8473.30	Parts and accessories for automated data processing machines and units	4,076,799	3,491,260	3,534,393	1.2
8525.40	Still image video cameras and other video camera recorders	3,120,016	3,365,198	3,364,356	-0.0
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,370,928	2,598,681	3,006,905	15.7
8708.40	Gear boxes for motor vehicles	1,650,331	2,031,014	2,857,625	40.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,241,948	2,245,718	2,407,331	7.2
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	1,169,478	1,191,134	2,381,704	100.0
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	645,424	928,009	1,482,360	59.7
8542.21	Electronic monolithic digital integrated circuits	1,558,102	1,306,104	1,454,984	11.4
9999.95	Estimated "low valued" shipments	1,314,300	1,317,317	1,424,542	8.1
8471.60	Input or output units for automated data processing machines	2,487,732	1,375,114	1,313,768	-4.5
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,177,984	1,324,876	1,313,027	-0.9
8409.91	Parts for spark-ignition internal-combustion piston engines	1,036,169	1,129,966	1,263,704	11.8
8473.40	Parts and accessories for duplicating, addressing, stapling, and other office machines, n.e.s.o.i.	89,980	874,451	1,156,316	32.2
8528.21	Video monitors, color	513,796	742,953	1,102,466	48.4
8528.12	Incomplete or unfinished color reception apparatus for televisions	391,295	738,143	1,089,239	47.6
8472.90	Automatic banknote dispensers, coin-sorting, pencil-sharpening, perforating or stapling, and other office machines, n.e.s.o.i.	201,467	881,231	1,082,042	22.8
8701.90	Tractors, n.e.s.o.i.	625,061	740,766	999,388	34.9
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,542,385	1,209,652	950,113	-21.5
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	863,573	911,147	894,297	-1.8
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,016,245	841,011	863,488	2.7
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU keyboard and display	651,545	800,229	801,199	0.1
8711.50	Motorcycles and cycles, with an auxiliary motor, with a reciprocating internal combustion piston engine, cylinder capacity over 800 cc	723,811	561,871	786,265	39.9
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	768,287	629,499	781,414	24.1
	Total of items shown	64,428,610	62,169,012	65,987,910	6.1
	All other	56,833,863	56,316,044	63,546,787	12.8
	Total of all commodities	121,262,473	118,485,056	129,534,698	9.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-31
U.S. merchandise trade with Taiwan, by SITC codes (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	1,198,477	1,282,519	1,419,860	10.7
1	Beverages and tobacco	71,638	75,513	64,794	-14.2
2	Crude materials, inedible, except fuels	1,122,059	1,129,097	1,097,461	-2.8
3	Mineral fuels, lubricants and related materials	56,028	91,869	117,137	27.5
4	Animal and vegetable oils, fats and waxes	18,585	18,306	7,477	-59.2
5	Chemicals and related products, n.e.s.	2,279,928	2,474,515	3,484,875	40.8
6	Manufactured goods classified chiefly by material	750,519	882,954	917,210	3.9
7	Machinery and transport equipment	8,986,532	8,080,104	10,164,562	25.8
8	Miscellaneous manufactured articles	1,945,412	1,765,622	2,697,632	52.8
9	Commodities and transactions not classified elsewhere in the SITC	357,003	310,087	371,667	19.9
	Total all exports commodities	16,786,180	16,110,588	20,342,675	26.3
Imports:					
0	Food and live animals	237,091	235,053	254,641	8.3
1	Beverages and tobacco	9,598	9,958	10,351	4.0
2	Crude materials, inedible, except fuels	137,875	123,678	154,508	24.9
3	Mineral fuels, lubricants and related materials	38,336	89,645	287,345	220.5
4	Animal and vegetable oils, fats and waxes	5,004	4,350	5,289	21.6
5	Chemicals and related products, n.e.s.	618,055	702,087	812,122	15.7
6	Manufactured goods classified chiefly by material	4,204,811	4,230,633	5,418,881	28.1
7	Machinery and transport equipment	19,888,596	18,851,290	20,208,848	7.2
8	Miscellaneous manufactured articles	5,919,235	6,245,621	6,327,104	1.3
9	Commodities and transactions not classified elsewhere in the SITC	995,680	997,351	982,874	-1.5
	Total all imports commodities	32,054,281	31,489,663	34,461,963	9.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.” stands for “not elsewhere specified.”
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-32
Leading exports to Taiwan, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
8542.21	Electronic monolithic digital integrated circuits	2,181,052	2,258,464	1,722,179	-23.7
8542.29	Electronic monolithic integrated circuits, other than digital	1,008,348	859,551	1,015,892	18.2
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	628,514	445,455	986,706	121.5
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	213,349	682,378	892,991	30.9
1005.90	Corn (maize), other than seed	473,464	511,763	593,780	16.0
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	166,774	124,550	499,987	301.4
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	273,704	246,042	460,131	87.0
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items	232,974	136,140	415,132	204.9
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	397,251	358,713	403,701	12.5
2902.11	Cyclohexane	2,021	16,512	332,093	1911.2
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	254,712	88,031	306,855	248.6
1201.00	Soybeans, whether or not broken	414,655	419,314	302,034	-28.0
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	230,185	121,671	266,186	118.8
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	213,457	198,169	253,186	27.8
8473.30	Parts and accessories for automated data processing machines and units	250,673	235,116	220,531	-6.2
2902.50	Styrene (vinylbenzene; phenylethylene)	87,083	40,035	197,587	393.5
2902.43	Para-xylene	36,259	130,369	194,558	49.2
2926.10	Acrylonitrile	84,008	87,393	192,248	120.0
1001.90	Wheat and meslin, excluding durum wheat	159,160	136,371	188,511	38.2
8464.20	Grinding or polishing machines for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working glass	37,137	68,521	185,517	170.7
9030.90	Parts, accessories of instruments, apparatus for measuring, checking, detecting electrical quantities, or ionizing radiations, n.e.s.o.i.	98,601	95,074	168,370	77.1
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	76,055	116,201	147,451	26.9
8543.11	Ion implanters for doping semiconductor materials	24,875	38,796	147,056	279.0
5201.00	Cotton, not carded or combed	114,649	117,023	142,805	22.0
9306.90	Bombs, grenades, torpedoes, mines, missiles, etc., and parts	86,228	168,177	125,574	-25.3
	Total of items shown	7,745,187	7,699,828	10,361,058	34.6
	All other	9,040,993	8,410,759	9,981,617	18.7
	Total of all commodities	16,786,180	16,110,588	20,342,675	26.3

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-33
Leading imports from Taiwan, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8473.30	Parts and accessories for automated data processing machines and units	2,252,651	2,279,611	2,630,972	15.4
8542.21	Electronic monolithic digital integrated circuits	2,207,780	1,924,768	2,387,572	24.0
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	3,407,820	2,165,675	1,243,289	-42.6
8542.29	Electronic monolithic integrated circuits, other than digital	658,887	841,171	1,049,912	24.8
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	607,000	902,971	1,036,280	14.8
8471.80	Other units of automated data processing machines	979,701	1,061,791	972,174	-8.4
8471.60	Input or output units for automated data processing machines	951,432	846,750	740,815	-12.5
8528.12	Incomplete or unfinished color reception apparatus for televisions	38,699	219,628	614,222	179.7
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	581,106	594,438	541,589	-8.9
9999.95	Estimated "low valued" shipments	390,666	384,843	425,034	10.4
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers	261,865	306,812	415,440	35.4
8534.00	Printed circuits	385,676	350,584	410,154	17.0
7318.14	Self-tapping screws of iron or steel	257,472	304,022	366,679	20.6
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	348,169	364,471	359,959	-1.2
8528.30	Video projectors	74,312	151,032	342,258	126.6
8526.91	Radio navigational aid apparatus	206,411	286,628	336,244	17.3
8504.40	Static converters	260,518	239,441	294,554	23.0
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	233,979	246,912	289,279	17.2
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	227,922	256,816	285,389	11.1
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles	230,295	232,628	281,756	21.1
8525.10	Transmission apparatus for radio or television	429,353	428,239	278,640	-34.9
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	261,372	254,856	266,287	4.5
8465.91	Sawing machines for working wood, cork, bone, hard rubber, hard plastics, etc	246,198	232,340	265,950	14.5
8525.20	Transmission apparatus incorporating reception apparatus	63,334	115,138	253,024	119.8
7318.16	Nuts, threaded, of iron or steel	171,294	191,550	242,728	26.7
	Total of items shown	15,733,911	15,183,113	16,330,202	7.6
	All other	16,320,370	16,306,550	18,131,761	11.2
	Total of all commodities	32,054,281	31,489,663	34,461,963	9.4

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-34
U.S. merchandise trade with Korea, by SITC code (revision 3), 2002-04

(1,000 dollars)

SITC Code No.	Description	2002	2003	2004	Percent change 2003-04
Exports:					
0	Food and live animals	1,964,138	2,232,449	1,864,871	-16.5
1	Beverages and tobacco	100,679	91,026	59,116	-35.1
2	Crude materials, inedible, except fuels	1,772,683	1,972,313	2,200,541	11.6
3	Mineral fuels, lubricants and related materials	228,036	318,318	436,767	37.2
4	Animal and vegetable oils, fats and waxes	79,114	46,044	27,398	-40.5
5	Chemicals and related products, n.e.s.	2,750,203	3,333,499	4,458,716	33.8
6	Manufactured goods classified chiefly by material	898,948	986,691	1,102,452	11.7
7	Machinery and transport equipment	11,012,536	11,177,486	11,897,899	6.4
8	Miscellaneous manufactured articles	1,922,166	1,947,944	2,547,989	30.8
9	Commodities and transactions not classified elsewhere in the SITC	422,222	418,929	398,729	-4.8
	Total all exports commodities	21,150,725	22,524,700	24,994,480	11.0
Imports:					
0	Food and live animals	186,869	189,010	206,467	9.2
1	Beverages and tobacco	43,709	52,783	64,715	22.6
2	Crude materials, inedible, except fuels	173,916	218,392	245,658	12.5
3	Mineral fuels, lubricants and related materials	272,331	280,880	549,354	95.6
4	Animal and vegetable oils, fats and waxes	1,335	872	443	-49.2
5	Chemicals and related products, n.e.s.	867,198	897,719	1,194,069	33.0
6	Manufactured goods classified chiefly by material	3,400,778	3,278,754	4,172,082	27.2
7	Machinery and transport equipment	25,743,756	27,818,955	34,241,539	23.1
8	Miscellaneous manufactured articles	3,829,153	3,476,707	3,528,613	1.5
9	Commodities and transactions not classified elsewhere in the SITC	764,765	715,499	861,238	20.4
	Total all imports commodities	35,283,810	36,929,570	45,064,177	22.0

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, “n.e.s.” stands for “not elsewhere specified.”
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-35
Leading exports to Korea, by Schedule B subheading, 2002-04

(1,000 dollars)

Schedule B subheading	Description	2002	2003	2004	Percent change 2003-04
8542.21	Electronic monolithic digital integrated circuits	2,405,580	3,297,215	2,868,416	-13.0
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,537,565	1,073,863	1,129,467	5.2
8542.29	Electronic monolithic integrated circuits, other than digital	502,911	430,066	765,654	78.0
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	395,156	424,542	692,464	63.1
1005.90	Corn (maize), other than seed	84,590	44,377	544,707	1127.5
2926.10	Acrylonitrile	207,432	273,117	496,546	81.8
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	416,094	351,540	401,350	14.2
7204.49	Ferrous waste and scrap, n.e.s.o.i.	167,008	250,403	347,375	38.7
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	27,408	56,368	325,116	476.8
1201.00	Soybeans, whether or not broken	247,679	282,550	284,594	0.7
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	310,897	288,304	257,645	-10.6
9001.90	Lenses, except contact and spectacle, prisms, mirrors and other optical elements, unmounted, other than of glass not optically worked	63,334	142,594	253,306	77.6
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	194,249	215,880	237,990	10.2
2902.30	Toluene	21	99,368	237,015	138.5
2902.43	Para-xylene	17,418	90,989	236,526	159.9
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	94,911	101,964	231,965	127.5
1001.90	Wheat and meslin, excluding durum wheat	187,214	207,642	230,934	11.2
2902.50	Styrene (vinylbenzene; phenylethylene)	71,794	99,977	222,581	122.6
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	211,215	293,905	205,424	-30.1
2902.44	Mixed xylene isomers	83,632	128,140	203,048	58.5
8542.90	Parts for electronic integrated circuits and microassemblies	218,909	174,349	193,121	10.8
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	26,661	45,277	191,331	322.6
8411.99	Gas turbines parts, n.e.s.o.i.	68,525	92,531	186,753	101.8
8517.90	Parts of telephonic or telegraphic apparatus	132,199	120,274	175,460	45.9
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	313,690	312,606	170,953	-45.3
	Total of items shown	7,986,093	8,897,839	11,089,741	24.6
	All other	13,164,632	13,626,861	13,904,739	2.0
	Total of all commodities	21,150,725	22,524,700	24,994,480	11.0

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included.”

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

Table A-36
Leading imports from Korea, by HTS subheading, 2002-04

(1,000 dollars)

HTS subheading	Description	2002	2003	2004	Percent change 2003-04
8525.20	Transmission apparatus incorporating reception apparatus	4,318,331	5,582,714	8,035,760	43.9
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,830,673	5,418,198	7,093,612	30.9
8542.21	Electronic monolithic digital integrated circuits	2,938,542	2,782,309	3,182,640	14.4
8703.24	Passenger motor vehicles with spark-ignition internal- combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,238,054	1,718,135	2,457,285	43.0
8473.30	Parts and accessories for automated data processing machines and units	1,773,537	1,490,724	2,113,138	41.8
8471.60	Input or output units for automated data processing machines	1,508,663	998,497	1,002,121	0.4
8528.12	Incomplete or unfinished color reception apparatus for televisions	214,718	521,699	712,466	36.6
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	574,372	512,378	613,170	19.7
8542.29	Electronic monolithic integrated circuits, other than digital	396,417	443,380	552,344	24.6
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	774,063	774,769	481,998	-37.8
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	124,672	221,071	479,715	117.0
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	120,853	157,251	388,697	147.2
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	251,921	279,674	380,059	35.9
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	439,217	360,137	356,059	-1.1
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	184,510	205,108	332,260	62.0
8471.70	Automatic data processing storage units	534,418	370,019	325,046	-12.2
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	417,058	262,542	297,003	13.1
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	96,647	96,656	260,252	169.3
8528.21	Video monitors, color	65,517	234,180	245,926	5.0
8509.10	Vacuum cleaners, with self-contained electric motor	96,500	144,905	236,931	63.5
9999.95	Estimated "low valued" shipments	165,746	173,722	222,361	28.0
8415.10	Air conditioning machines, window or wall types, self-contained, with motor-driven fan and elements for changing the temperature/humidity	257,273	240,055	217,414	-9.4
4011.20	New pneumatic tires, of rubber, of a kind used on buses or trucks	158,162	164,813	216,976	31.7
8516.50	Microwave ovens of a kind used for domestic purposes	451,329	352,650	216,194	-38.7
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.	106,126	192,362	205,746	7.0
	Total of items shown	22,037,319	23,697,947	30,625,174	29.2
	All other	13,246,491	13,231,623	14,439,003	9.1
	Total of all commodities	35,283,810	36,929,570	45,064,177	22.0

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included."

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