
III. Other Multilateral Activities

The United States pursues its trade and trade-related interests in a wide range of other international fora. In addition to opening new trade opportunities, such efforts focus on establishing an infrastructure for international trade that is transparent, predictable and efficient, and prevents corrupt practices and other impediments to expanded trade and sustainable economic growth and prosperity. These efforts also are aimed at ensuring that U.S. strategies and objectives relating to the United States' international trade, environmental, labor and other trade-related interests are balanced and mutually supportive.

A. Semiconductor Agreement

On June 10, 1999, the United States, Japan, Korea and the European Commission announced a new, multilateral Joint Statement on Semiconductors designed to ensure fair and open global trade in semiconductors. Chinese Taipei subsequently endorsed the objectives of the Joint Statement and became the fifth party. The 1999 Joint Statement on Semiconductors reflects over a decade of progress under three previous semiconductor agreements toward opening up the Japanese market to foreign semiconductors, improving cooperation between Japanese users and foreign semiconductor suppliers, and eliminating tariffs in the top five semiconductor producers (the United States, Japan, Korea, the European Union, and Chinese Taipei).

The 1999 Joint Statement includes the essential elements of the 1996 accord such as regular meetings among governments and between governments and industry representatives.

In April 2000, industry CEOs representing all five

parties held their first World Semiconductor Council (WSC) meeting under the 1999 Joint Statement. The WSC was created under the 1996 Joint Statement to provide a forum for industry representatives to discuss and engage in cooperation concerning global issues such as standardization, environmental concerns, worker health and safety, intellectual property rights, trade and investment liberalization, and worldwide market development. Membership in the WSC requires that the governments of national/regional industry associations must have eliminated semiconductor tariffs, or committed to eliminate these tariffs expeditiously.

The 1999 Joint Statement also requires that governments and other authorities meet at least once a year to receive and discuss the recommendations of the WSC regarding policies of governments and authorities that may affect the future outlook and competitive conditions within the global semiconductor industry. The first such meeting was held in June 2000, hosted by the Government of Korea. At that meeting, the WSC recommended that government/authorities pursue the following policies: promotion of free and open markets around the world, protection of intellectual property rights, full transparency of government policies and regulations, non-discrimination for foreign products in all markets, an end to investment restrictions tied to technology transfer requirements, adoption of a non-regulatory, market-oriented approach to e-commerce and maintenance of the internet as a tariff-free environment, adoption of environmental regulations based on scientific assessments of the risks posed by the targeted materials and their likely substitutes, completion of China's WTO accession,

expanded participation in the ITA, and completion of ITA 2. The WSC has also invited China to become a party to the Joint Statement when it has completed its accession to the WTO. China is expected to become the second-largest market for semiconductors within a decade. The United States will host the next meeting of governments and other authorities in mid-2001.

Foreign market share into the Japanese market which had exceeded 30 percent in every quarter during 1997 and 1998, fell slightly to just below 30 percent in 1999. The U.S. Government monitors foreign market share in the Japanese market on a quarterly basis, and once a year reports the average annual foreign share in the Department of Commerce "U.S. Industry and Trade Outlook."

B. Trade and the Environment

The U.S. Government has been very active in promoting a trade policy agenda that pursues economic growth in the broader context of sustainable development, integrating economic, social, and environmental policies. Building upon 1999 trade and environment initiatives such as the White House Policy Declaration and Executive Order 13141 (environmental review of trade agreements), USTR continued its efforts in 2000 to ensure that trade and environmental policies are mutually supportive. Specifically, in December 2000, USTR and the Council on Environmental Quality (CEQ) finalized guidelines implementing the Executive Order. The Order and implementing guidelines require careful assessment and consideration of the environmental impacts of trade agreements, including detailed written reviews of major environmentally significant trade agreements.

In addition, in 2000 and early 2001, USTR undertook the following trade and environment initiatives: (1) pursuant to Executive Order 13141, the conduct of a review of the environmental effects of the U.S.-Jordan FTA; (2) the conclusion of the U.S.-Jordan FTA, which includes trade and environment provisions such as on effective

enforcement of environmental laws, an initiative on technical environmental cooperation, transparency elements, and provisions liberalizing market access for environmental goods and services; (3) the initiation of negotiations on FTAs with Singapore and Chile, including in the area of trade and environment; and (4) the initiation of environmental reviews of the FTAs with Singapore, Chile, and the Free Trade Area of the Americas (FTAA) agreement.

In addition, USTR has participated both in multilateral and regional economic fora and in international environmental agreements, in conjunction with other U.S. agencies. USTR also has worked bilaterally with U.S. trading partners to avert or minimize potential trade frictions arising from foreign and U.S. environmental regulations.

1. Multilateral Fora

The WTO Committee on Trade and Environment met three times in 2000, pursuant to its mandate as spelled out in the Uruguay Round Agreements. The Committee reviewed the full range of trade and environment issues on its agenda and continued to deepen Members' understanding of these issues. The United States contributed to this process by, *inter alia*, playing a leadership role in working to build a consensus for the WTO to address fisheries subsidies that contribute to over fishing and on the trade and environmental benefits of liberalizing trade in environmental goods and services.

USTR has been engaged in addressing the relationship between investment and the environment, including through active participation in the rewriting of the environment chapter of the OECD Guidelines for Multinational Enterprises, which were completed in June 2000. USTR, along with other U.S. agencies, also is examining the need for clarification of NAFTA Chapter 11 (see below).

In the OECD's Joint Working Party of Trade and Environment Experts, USTR and other U.S. agencies most recently have worked to develop

methodologies for assessing the environmental effects of trade liberalization in the services sector. Such methodologies will be useful as the United States continues implementation of the President's Executive Order on environmental reviews of trade agreements.

USTR remains very active in negotiations and conferences of the parties to various multilateral environmental agreements to ensure that the activities of these organizations are compatible with both U.S. environmental and trade policy objectives. For instance, USTR has been an active contributor to U.S. involvement in the work of the United Nations Convention on Biological Diversity, including participating in the negotiations on the Cartagena Protocol on Biosafety, which includes an "advanced informed agreement" requirement for exports of certain genetically-modified organisms, and which was successfully completed in January 2000. In December 2000, USTR participated in the conclusion of a global environmental agreement on Persistent Organic Pollutants. This agreement, which includes trade provisions, is aimed at eliminating or reducing twelve toxic substances of global concern.

USTR also continues to be involved in the trade-related aspects of international forest deliberations, including in the newly-formed permanent United Nations' Forum on Forests – the successor to the Commission on Sustainable Development's *ad hoc* Intergovernmental Forum on Forests – and in the International Tropical Timber Organization. In addition, USTR participates in U.S. policymaking regarding the implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, and the United Nations Framework Convention on Climate Change.

2. The North American Free Trade Agreement (NAFTA)

USTR continues to work actively with the agencies

that lead U.S. participation in the institutions created by the NAFTA environmental side agreements, the North American Agreement on Environmental Cooperation (NAAEC) and the border environmental infrastructure agreement. These institutions were designed to ensure that expanded North American trade does not take place at the expense of the environment. The Border Environment Cooperation Commission and the North American Development Bank develops and finances sorely needed environmental infrastructure projects along the U.S.-Mexico border.

The Commission for Environmental Cooperation (CEC), governed by the trilateral Ministerial-level Council that implements the NAAEC, continued in 2000 to generate progress on numerous fronts and to devote a significant portion of its annual work program to trade and environment issues. The CEC has undertaken a number of environmental projects, encompassing such diverse objectives as studying the market potential of shade-grown coffee, developing a draft plan to help control mercury levels in the environment, promoting efforts to protect habitat for migratory birds, and initiating voluntary environmental management systems with the private sector. In addition, the CEC conducted a multi-year study of the environmental effects of the NAFTA. In 1999, the CEC published a proposed methodology for assessing NAFTA's environmental effects – *Analytic Framework for Assessing Environmental Effects of the North American Free Trade Agreement (NAFTA): Phase II* – and in the fall of 2000, the CEC hosted a symposium in Washington, DC at which papers using this methodology were presented. The NAFTA Parties also have established a working group of senior trade and environment officials that in 2000, began substantive discussions on the use of precaution in environmental policies and on ecolabeling.

Also in 2000, USTR was involved in several issues related to NAFTA's Chapter 11, which sets out each government's obligations with respect to investors from other NAFTA countries and their investments in its territory, and affords investors

the right to seek compensation through international arbitration. One issue concerned the only environmental claim filed against the United States under Chapter 11, wherein a Canadian investor alleged that the State of California's phase-out of MTBE, a gasoline additive, expropriates Canada's investment in the United States. In preparation for the U.S. Government defense, USTR convened interagency consultations with the State of California. USTR also leads participation in another NAFTA Chapter 11 issue, a trilateral process undertaken with Canada and Mexico. This process is examining the operation of NAFTA Chapter 11 to determine what kind of procedural or substantive clarifications, if any, would be appropriate in light of the U.S. view that while the NAFTA investment commitments should provide a secure, transparent, and fair regulatory environment for foreign investors, the provisions must not be interpreted or applied in a way that undermines a member country's well-recognized right to regulate to protect the environment, health, and safety.

3. The Western Hemisphere and the European Union

To provide direction on ensuring mutually supportive economic and environmental policies, as was agreed at the 1994 Miami Summit of the Americas, U.S. negotiators worked over the past year within the framework Free Trade Area of the Americas (FTAA) negotiating groups to identify and pursue relevant trade-related environmental issues. The United States continues to express its view that the FTAA should expand trade and promote economic development consistent with the objective of sustainable development. Complementary environmental elements in the overall Summit of the Americas Plans of Action are intended to further regional cooperation.

The United States also will continue to support the FTAA Civil Society Committee to expand opportunities for expressions of views to the FTAA Ministers by members of civil society throughout the Hemisphere, and will carefully consider civil

society's submissions to that Committee on the full range of issues, including environmental concerns. The United States is taking into account the environmental implications of the FTAA negotiations, both positive and negative, through an environmental review, which was initiated in 2000. USTR, through an interagency group of economic and environmental experts, has developed guidance on the quantitative and methodological parameters of the review (see *Report of the Quantitative Analysis Working Group to the FTAA Interagency Environmental Group* on the USTR website).

In 2000, the United States and the European Union continued their trade and environment dialogue under the auspices of the Transatlantic Economic Partnership's Environment Group and in the context of the annual U.S.-EU high-level environmental ministerial meeting, as well as through consultations with the Transatlantic Environment Dialogue (TAED), a consortium of European and U.S. environmental NGOs.

4. Other Issues

Shrimp/Turtle WTO Dispute

As described in Chapter II (*supra*), in the *Shrimp-Turtle* dispute the United States announced its intention to comply with the DSB recommendations in a manner consistent not only with WTO obligations, but also with the United States' firm commitment to protect endangered species of sea turtles. In this dispute, the WTO Appellate Body did not find fault with the U.S. shrimp/turtle law, but did find fault with certain aspects of U.S. implementation of the law. For example, the Appellate Body found that the State Department's procedures for determining whether countries meet the requirements of the law did not provide adequate due process, because exporting nations were not afforded formal opportunities to be heard, and were not given formal written explanations of adverse decisions. The Appellate Body also found that the United States had unfairly discriminated between the complaining Asian countries and Western Hemisphere nations by not exerting as

great an effort to negotiate a sea turtle conservation agreement with the complaining countries and by not providing them with the same opportunities to receive technical assistance.

After Congressional consultations and opportunities for input from all interested parties, in July 1999 the State Department revised its procedures to address these concerns in a manner consistent with sea turtle conservation. Revised State Department procedures provide more due process to countries applying for certification under the shrimp/turtle law. In addition, the State Department is making progress in efforts to negotiate a sea turtle conservation agreement among the countries of the South Asian/Indian Ocean region, and the United States is providing the complaining countries with additional technical assistance in the adoption of sea turtle conservation measures. Throughout the case, U.S. import restrictions on shrimp harvested in a manner harmful to sea turtles have remained fully in effect.

At the request of Malaysia (one of the complaining parties in the initial dispute), the original WTO panel is currently considering whether these implementation measures comply with the Appellate Body's recommendation.

Asbestos WTO Dispute

The United States is participating as a third party in the appeal of Canada's challenge to a French ban of chrysotile asbestos on health grounds. The WTO panel found that the French ban was inconsistent with WTO national treatment provisions but was justified under WTO exceptions as a measure necessary to protect human health. The United States supports the panel's overall conclusion that the ban is consistent with WTO rules, but questions the panel's finding that the ban violates the national treatment provisions.

Japanese Whaling Practices

On September 13, 2000, the U.S. Secretary of Commerce certified Japan under the Pelly

Amendment to the Fisherman's Protective Act of 1967 for undermining international efforts to protect whales. The certification was based on Japan's expansion of its "scientific" research program in the North Pacific to include the lethal take of two additional species: sperm whales and Bryde's whales. The certification under the Pelly Amendment triggered a process for the President to consider trade sanctions against Japan and to report any action he may take to Congress within 60 days of certification. In December 2000, the President sent a letter to Congress stating that he did not believe that import prohibitions would further U.S. objectives at that time. In this letter, the President went on to direct certain Executive agencies, including USTR, to keep Japan's whaling activities under active review and to examine the relationship between Japanese companies that both manufacture whaling equipment and export to the U.S. market.

C. Organization for Economic Cooperation and Development

The Organization for Economic Cooperation and Development (OECD) is a key forum for the discussion of economic and social issues confronting its members, which includes the United States, Canada, Mexico, the countries of Western Europe, Japan, Australia, and New Zealand. The Czech Republic joined the OECD in 1995, and Korea, Hungary, and Poland in 1996, bringing total OECD membership to twenty-nine. Slovakia is currently discussing the conditions of membership, and Argentina and Russia have also formally applied to join. The OECD has a major cooperation program with Russia, the purpose of which is to support Russia's efforts to establish a fully-fledged market economy and its eventual membership in the OECD.

The OECD was founded in 1960 as the successor to the Organization for European Economic Cooperation, which oversaw European participation in the Marshall Plan. Its fundamental objective is "to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries while

maintaining financial stability and thus to contribute to the world economy.” This objective is pursued through in-depth analysis of economic problems confronting the developed market economies and the development of cooperative solutions to many of these problems. Members have negotiated binding agreements in certain areas not adequately addressed in other fora. In the past, analysis of issues in the OECD often has been instrumental in forging a consensus among OECD countries to pursue specific negotiating goals in other international fora such as the World Trade Organization (WTO).

1. Work Program

In 2000, the OECD Trade Committee continued to address a number of issues of significance to the multilateral trading system. The Committee and other OECD bodies have focused increasingly on non-border restraints to market access and on the nexus between trade policy and other international and domestic policy objectives. As a result, the OECD’s trade work has become more diverse, dealing with traditional trade issues as well as those which have been traditionally within the purview of domestic policy discussions. Major projects include studies on the benefits of ongoing trade liberalization, ratification and monitoring of the OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions, and analysis of trade in relation to labor standards and the environment.

2. Benefits of Trade Liberalization

A number of recent Trade Committee reports have made an important contribution to inform public debate on the implications of further trade liberalization, by analyzing the contribution that expanded international trade can make to economic development and other broader economic and social goals. In 1998, a report entitled “Open Markets Matter: the Benefits of Trade and Investment Liberalization,” sought to better communicate the clear net benefits to society of continuing on the path of trade liberalization and market-led reforms.

In 1999, a report, entitled “Reaping the Full Benefits of Open Markets,” concluded that open trade and investment have been beneficial for development, particularly when accompanied by a coherent set of growth-oriented macroeconomic and structural policies, capacity-building, adequate social policy and good governance. In particular, it noted that open economies have grown significantly faster than closed economies over sustained periods of time and that this higher growth is associated with reductions in poverty. In 2000, the Committee began work on a more detailed follow-up study on the relationship between international trade and economic development in non-OECD countries.

3. Criminalization and Non-tax-deductibility of Bribery of Foreign Public Officials

The OECD *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* entered into force in February 1999. The Convention was adopted by the 29 members of the OECD and five non-members in 1997. (The non-members were Argentina, Brazil, Chile, Bulgaria, and Slovakia.) It requires the parties to criminalize bribery of foreign public officials in executive, legislative, and judicial branches, levy significant penalties on those who bribe, and implement adequate accounting procedures to make it harder to hide illegal payments. As of February 1, 2001, 27 of the 34 signatories had adopted legislation to implement the Convention.

Prior to the entry into force of the Convention, the United States was alone in criminalizing the bribery of foreign public officials. As a result, U.S. firms have lost international contracts allegedly worth billions of dollars every year due to bribery payments to corrupt officials. Such payments also distort investment and procurement decisions of developing countries, undermine the rule of law and create an unpredictable environment for business.

In April 1999, the signatories to the Convention began the first phase of monitoring the implementation process – the review of the

adequacy of implementing legislation. That phase of the process is still underway. As of January 1, 2001, the implementing legislation of twenty-three countries had been reviewed. The second phase – the evaluation of enforcement – is expected to commence in early 2001. The OECD Convention signatories are also studying several related issues, including bribery of foreign public officials as a predicate offense for money laundering legislation, the role of foreign subsidiaries and offshore financial centers in bribery transactions, and whether the Convention’s coverage should be extended to bribery of foreign political parties and candidates.

The OECD also has recommended that member countries reexamine their tax laws to eliminate tax deductibility of such bribes. All thirty-four signatories have agreed to implement this recommendation. While most signatories have reported that such bribes are non-deductible, we will continue to work with the OECD to develop more reliable methodologies for monitoring implementation of this recommendation.

4. Export Credits

The *OECD Arrangement on Guidelines for Officially Supported Export Credits* places limitations on the terms and conditions of government supported export credit financing so that competition among exporters is based on the price and quality of the goods and services being exported, rather than on the terms of the government-supported financing. It also limits the ability of governments to tie their foreign aid to procurement of goods and services from their own countries.

The *Arrangement* is saving U.S. taxpayers about \$800 million annually in reduced appropriations because Ex-Im Bank (the U.S. export credit agency) no longer has to offer loans with low interest rates and long repayment terms. In addition, the “level playing field” created by the *Arrangement*’s tied aid disciplines, has allowed U.S. exporters to increase their exports by about

\$1 billion a year. These exports would have cost taxpayers about \$300 million in annual appropriations to Ex-Im Bank if the United States had to create its own tied aid program in order to compete.

5. Investment

The OECD Committee on Investment and Multinational Enterprises (CIME) pursues a multi-disciplinary work program, including analytical work on investment rules topics. The key issue for the CIME this year was the revision of the OECD Guidelines for Multinational Enterprises, a set of non-binding recommendations from OECD Member governments to enterprises, comparable to a code of conduct for international business.

The Guidelines, originally adopted in 1976, were revised on several occasions, most recently from 1998 to 2000. This latest examination addressed the text, as well as the operating procedures, with a view to ensuring that the Guidelines play a more effective role in setting minimum thresholds for international corporate conduct. Chapters on competition, environment, labor, bribery, and consumer interests were added or expanded upon. The example set by U.S. firms in the area of corporate social responsibility guided the U.S. position in the revision negotiations in an effort to create standards for foreign competitors that match those to which U.S. companies already adhere. The revision process was very transparent: representatives from business, labor, and civil society groups were invited to comment and provide significant input throughout. The revised text and implementation procedures were adopted by all OECD Member countries and the non-member observers (i.e., Argentina, Chile, Brazil, and Slovakia) at the OECD Ministerial June 26-27, 2000. The final version of the text along with additional information can be found on the OECD website (<http://www.oecd.org/daf/investment/guidelines/index.htm>).

In addition, CIME has placed a particular focus on conducting an investment policy dialog with Russia and China and pursued analytical work on corporate social responsibility and sustainable development.

6. Trade and Labor Standards

In 1996, the OECD released a report on “Trade, Employment and Labor Standards,” which examined the relationship between core labor standards and economic development and trade. These core labor standards are: freedom of association, collective bargaining, elimination of exploitative forms of child labor, prohibition of forced labor, and non-discrimination in employment. The report concluded that a mutually reinforcing relationship exists between core labor standards and trade liberalization. It refuted the long-standing argument that adherence to such standards negatively affects the economic performance of developing countries; indeed, it reinforces long-term development prospects. In May 1999, the OECD Trade Committee asked the Secretariat to prepare an update of the 1996 report, which would review factual developments and summarize relevant economic literature since the report was issued. The 124-page updated report was approved in 2000 and presented, in November 2000, to the International Labor Organization’s Working Party on Social Dimension of Globalization. It can be purchased and downloaded from the OECD’s online book store, at www.oecd.org.

7. Shipbuilding

In July 1994, the OECD Working Party Six (WP-6) completed an ad referendum agreement on shipbuilding – the Agreement Respecting Normal Competitive Conditions in the Shipbuilding and Repair Industry. The Agreement, which covers the construction and repair of self-propelled seagoing vessels of 100 gross tons and above, has four key elements: (1) the elimination of virtually all subsidies granted either to shipbuilders directly or indirectly through ship operators; (2) the extension

of injurious pricing (antidumping) rules to shipbuilding; (3) the establishment of strict rules for official domestic and export financing; and (4) an effective, binding dispute settlement mechanism.

The Agreement was signed on December 21, 1994, by the United States, the EU, Korea, Japan and Norway. These countries account for about 80 percent of world commercial shipbuilding. The Agreement requires ratification by all of these countries before it can enter into forces. The EU, Korea, and Norway ratified the Agreement in December 1995 and Japan completed its ratification process in May 1996. As the United States has not yet ratified the agreement, it has not taken effect.

8. Regulatory Reform

The OECD has an ongoing work program focusing on how governments can improve their regulations and regulatory processes. It began conducting reviews of regulatory reform efforts in member countries in 1998, based in part on self-assessment. The United States has supported the OECD’s regulatory reform efforts as a way to raise the profile of the problems posed by the regulatory regimes of many OECD countries to our exporters’ market access; to demonstrate that the benefits of regulatory reform (e.g., creation of due process and transparency) can lead to greater market openness and competition and more effective achievement of important policy goals; to encourage consideration of discussion among OECD members regarding possible solutions to market access problems caused by regulation and regulatory heterogeneity; and to promote growth in member economies through domestic efficiency gains and thereby increase demand for U.S. exports.

The Trade Committee’s work on regulatory reform has two aspects: country reviews and product standards. In conducting country reviews, the Committee evaluates regulatory reform efforts in light of six principles of market openness: transparency and openness of decision-making,

non-discrimination, avoidance of unnecessary trade restrictions, use of internationally harmonized measures where available/appropriate, recognition of the equivalence of other countries' procedures for conformity assessment where appropriate, and application of competition principles.

In 1998, the OECD completed country reviews of regulatory reform in the United States, Japan, Mexico, and the Netherlands. In 1999, the Working Party of the Trade Committee reviewed the market access chapters of the reviews of Korea, Spain, Denmark, and Hungary. Four countries were reviewed in the 2000 cycle: Greece, Italy, Ireland, and the Czech Republic. Against this background, the OECD has pursued analytical work to identify patterns and best practices of countries in achieving regulatory reform. In 2000, this work focused in particular on regulatory transparency in trade in services. Recognizing that such crosscutting analysis and discussion of the effects of domestic regulation on trade and investment can produce useful insights for possible future trade rule making, this work was presented to the WTO Working Party on Domestic Regulation in April 2000 and widely shared with developing countries.

Drawing on this work, the OECD held a workshop on Regulatory Reform and the Multilateral Trading System on December 7-8, 2000. Representatives of twenty non-OECD governments attended the workshop.

9. Competition Policy

The Joint Group on Trade and Competition continued work on issues at the intersection of trade and competition policy with the aim of providing an improved analytical foundation for the consideration of this topic in the OECD as well as other fora, such as the WTO. This forum has helped to promote mutual understanding and interaction between the trade and antitrust "cultures", as well as better clarity and coherence – if not always convergence – of approaches toward issues of common interest. Using conceptual

approaches taken by both trade policy and competition policy experts, the Group discussed: (i) competition and trade policy issues with respect to intellectual property protection; (ii) WTO and competition rules for enterprises with exclusive or special rights; (iii) competition and trade effects of abuse of dominance; (iv) remedies available to private parties under competition laws; (v) different mechanisms for public or private dispute resolution in the trade and competition areas; and (vi) the development dimension of trade and competition policies. The Group considered that it may want to devote further attention to the last item in anticipation of undertaking potential outreach activities with non-Members in the future. It also continued to share views and experiences on various kinds of international cooperation and enforcement activities in the fields of both competition policy and trade policy.

10. Analysis of Tariff and Non-Tariff Barriers

In order to support continued trade liberalization, the Trade Committee has continued its analysis of the tariff and non-tariff regimes of OECD countries, and of a number of major non-OECD countries. A key objective is to seek to identify sectors and product groups on which future negotiations might focus. For example, the Trade Committee continues to analyze barriers to trade in services and considering various cross-sectoral approaches to services negotiations.

In 2000, the OECD completed the compilation of an up-to-date database of remaining tariffs in OECD countries and 13 non-OECD countries. The database, which may serve as a tool for trade negotiators, will be duplicated on a CD-ROM, and is expected to be available in early 2001.

11. Trade and Environment

The OECD Joint Working Party on Trade and Environment continues its analytical work in areas where trade and environmental policies intersect. For example, in the past year, the group discussed the nexus between trade and potential applications

of the polluter pays principle and the precautionary approach. Future work in these areas is expected in the coming year. In addition, as part of its activities related to environmental reviews, the group has developed a methodology for analyzing the environmental effects of trade agreements in the services sector. A fuller elaboration of this effort is also expected. The Joint Working Party has also contributed to the OECD's sustainability report by playing a key role in the development of chapter 5 on Trade, Investment and Sustainable Development.

12. Dialogue with Non-member Countries

The Trade Committee has continued its contacts with non-member countries to encourage the integration of developing and transitional economies into the multilateral trade regime. To date, this work has focused on the integration of the Central and Eastern European Countries, the Newly Independent States of the Former Soviet Union (NIS), and the Dynamic Non-Member Economies or "DNMEs" (leading developing economies in Asia and South America).

In 2000, the Committee focused on developments in Russia's trade policy and the progress in trade liberalization of all transition countries over the past ten years. The dialogue with Russia included discussion of proposed reforms in its trade regime, the interface between the central and sub-national levels of government in trade policy, and trade-related aspects of regulatory reform. In July, the Trade Committee conducted a workshop with representatives of non-OECD countries to explore factors that influence the pace and outcome of trade reforms in transition economies.

D. Steel Trade Policy

In 2000 the Administration continued to administer the steel action programs announced by the White House in 1999. In July 2000, the Commerce Department published the Report to the President on Global Steel Trade: Structural Problems and Future Solutions. The report documented the causes of the 1998 steel crisis and the underlying

structural distortions in global steel trade that exacerbated that crisis. In that report, Commerce and USTR, in consultation with other agencies, set forth policy initiatives to help avoid future crises. That strategy built upon the earlier steel action programs and included the following points:

- < Maintain strong U.S. trade laws consistent with WTO obligations.
- < Provide early warning of steel import surges and industry conditions.
- < Provide faster relief for industries, workers, and communities.
- < Address market-distorting practices in global steel markets through continued bilateral engagement.

The Administration's bilateral engagement included talks with Japan, Korea, India, Taiwan, and Ukraine. With Japan, USTR conducted bilateral steel dialogue sessions in March and November of 2000. The primary topics of discussion were trade patterns, market conditions, and trade policies in Japan, focusing on the lack of meaningful competition in Japan's steel market.

USTR also continued the bilateral dialogue with Korea during sessions in May and November. The objectives of the dialogue are to promote fair trade in steel products; to achieve the full privatization of Korea's largest steel producer, POSCO; and to ensure the sale of Hanbo in a transparent manner that will not engender government involvement.

In October and November of 2000, senior Administration officials met with representatives of India, Taiwan and Ukraine, expressing strong concerns about the recent surges of steel exports from those sources.

In 2000, the Administration worked to reinvigorate the OECD Steel Committee by urging it to raise the level of government participation in the Committee, to address issues of immediate concern to the steel industry, and to undertake enhanced data collection

and reporting.

The Administration also took steps to reduce government and multilateral lending to expand global steel capacity. The Administration sought a moratorium on multilateral development bank lending that substantially increases steel capacity in the developing world and requested that the OECD conduct a study of the impact on global steel capacity of the use of official export credits to finance steel producing equipment.

The Administration continued its vigorous enforcement of U.S. trade laws. In February 2000,

the President announced import relief for two steel products, line pipe and wire rod, under Section 201 (the safeguards provisions) of the Trade Act of 1974, as amended. The Department of Commerce completed 23 antidumping and countervailing duty investigations on steel and began 35 additional steel cases in 2000, including cases on hot-rolled steel from 11 countries (including China, India, and Taiwan) and rebar from 12 countries (including China and South Korea). Most of these cases will be completed in the summer of 2001.