

United States International Trade Commission

THE YEAR IN TRADE 2000

Operation of the Trade
Agreements Program

52ND REPORT

USITC Publication 3428
June 2001



U.S. International Trade Commission

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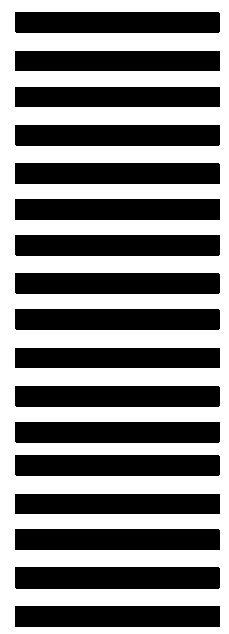
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The Year in Trade 2000 **Operation of the Trade Agreements Program**

52nd Report



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List of Frequently Used Abbreviations and Acronyms

ACP	African, Caribbean, and Pacific Nations
AD	Antidumping
AGOA	African Growth and Opportunity Act
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATPA	Andean Trade Preference Act
CAP	Collective Action Plan
CBERA	Caribbean Basin Economic Recovery Act
CBTPA	Caribbean Basin Trade Partnership Act
CFTA	United States-Canada Free Trade Agreement
CTS	Council for Trade in Services
CVD	Countervailing Duty
DSB	Dispute Settlement Body
EU	European Union
FCFS	First Come, First Served
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
IAP	Individual Action Plan
IF	Integrated Framework for Trade-Related Technical Assistance
IMF	International Monetary Fund
IPR	Intellectual Property Rights
LDC	Least Developed Country
LTFV	Less Than Fair Value
MRA	Mutual Recognition Agreement
NAFTA	North American Free Trade Agreement
NAO	National Administrative Office
NGO	Nongovernmental Organization
NTR	Normal Trade Relations
PNTR	Permanent Normal Trade Relations
OECD	Organization for Economic Cooperation and Development
SITC	Standard Industrial Trade Classification
SLA	Softwood Lumber Agreement
SSA	Sub-Saharan Africa

List of Frequently Used Abbreviations and Acronyms—*Continued*

TAA	Trade Adjustment Assistance
TRIMs	Trade-Related Investment Measures
TRIPs	Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff-Rate Quota
URAA	Uruguay Round Agreements Act
USITA	International Trade Administration, U.S. Department of Commerce
USITC	U.S. International Trade Commission
USTR	United States Trade Representative
WTO	World Trade Organization

CHAPTER 1

Introduction

Purpose and Organization of the Report

This report is the 52nd in a series of reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 and its predecessor legislation.¹ The report is one of the principal means by which the U.S. International Trade Commission (USITC or the Commission) provides Congress with factual information on trade policy and its administration in calendar year 2000. 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 Regional or other trade agreements activities without U.S. participation are not covered in this report.

Chapter 1 summarizes selected trade events and trade agreements activities during the year and provides an overview of the economic environment in 2000. These subjects are generally discussed in greater depth elsewhere in the report. Chapter 2 focuses on the activities of the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD). Chapter 3 discusses developments in major regional fora, including the North American Free Trade Agreement (NAFTA), the Free Trade Area of the Americas (FTAA), and the Asia-Pacific Economic Cooperation (APEC) forum. Chapter 4 focuses on bilateral trade agreements concluded during the year, as well as other selected trade-related activities between the United States and its major trading partners—Canada, the European Union (EU), Mexico, Japan, China, Taiwan, Korea, and Brazil. Chapter 4 also describes developments in bilateral free trade agreements. Chapter 5 discusses the administration of U.S. trade laws, regulations, and programs. The final section of the report contains a statistical appendix.

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

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

Summary of Trade Agreements Activities in 2000

U.S. trade agreements activities in 2000 included U.S. participation in multilateral negotiations in services and agriculture as mandated by the Uruguay Round Agreements, regional negotiations to form a FTAA, sectoral agreements, and the settling or adjudication of various trade disputes. During the year, the United States signed a free trade agreement (FTA) with Jordan, the United States' fourth FTA, and began negotiations to conclude FTAs with Singapore and Chile. The year was marked by the entry into force of major new trade legislation, the Trade and Development Act of 2000, which expands preferential access to U.S. markets for countries in the Caribbean Basin under the United States-Caribbean Basin Trade Partnership Act, and in sub-Saharan Africa under the African Growth and Opportunity Act. Highlights of key trade agreements activities, some of which are described later in more detail, are presented in figure 1-1.

World Trade Organization

In 2000, negotiations got under way on agriculture, services, and geographical indications—as mandated under the Uruguay Round Agreements—even though debate continued throughout the year concerning the implementation issues that were central to the failed attempt to launch a new round of multilateral trade negotiations at the WTO Third Ministerial Conference during November 30-December 3, 1999 in Seattle. During the year, delegations discussed organizational matters and submitted specific proposals. These proposals were reviewed in March 2001 and actual negotiations are expected to follow, scheduled for completion by the end of 2001.

The debate on implementation issues focused on the failure of a number of developing country members to implement the 1995 Uruguay Round Agreements within the 5-year transition period provided to them. In the view of many developing countries, the economic benefits expected from the agreements—and needed to help fund economic adjustments necessary to implement the Uruguay Round Agreements in their countries—were not yet forthcoming. In December, WTO Members adopted a decision about how to move forward with implementation issues regarding a number of agreements—agriculture, sanitary and phytosanitary measures, technical barriers to trade, customs valuation, rules of origin, and subsidies—but not regarding others, notably investment measures and intellectual property rights.

WTO-related measures to increase assistance to the least developed countries were also instituted during 2000. In May, 13 major traders agreed to grant tariff- and quota-free market access to imports from least developed countries under unilateral trade preference schemes. In addition, a WTO trust fund set up in 1995 to channel voluntary contributions for trade-related technical assistance to developing and least developed countries was reorganized in July into the Integrated Framework Trust Fund (IFTF). The IFTF is a consortium of major multilateral institutions involved in economic assistance, including the World Bank, International Monetary Fund, United Nations agencies, as well as the WTO. It is seeking voluntary funding contributions of \$20 million to provide focused trade-related technical assistance to these countries during 2001-2003.

**Figure 1-1
Selected Trade Events, 2000**

January	
January 10	United States and India reach landmark agreement to lift import bans and import licensing requirements currently maintained by India on a large number of agricultural, textile, and consumer products.
January 12	The United States and Malaysia conclude agreement addressing the U.S. ban on wild shrimp.
January 20	South Korea notifies the WTO of plans to impose new labeling requirements on certain foodstuffs containing genetically modified material.
January 27	President Clinton releases to Congress the 5th annual report on trade and development policy toward Africa.
February	
February 7	WTO formally endorses a proposal for launching multilateral negotiations on agriculture and services mandated under the Uruguay Round Agreements.
February 10	The Clinton Administration releases details of the U.S.-China bilateral agreement regarding WTO accession.
February 11	President Clinton announces he will impose, effective March 1, tariff-rate quotas on steel wire rod and increased duties on welded line pipe as a result of industry petitions filed with the USITC in 1999 under the safeguard provisions (section 201) of the Trade Act of 1974. Preparations for the launch of new WTO negotiations on services trade begin.
February 16	The United States signs trade and investment framework agreement (TIFA) with Nigeria.
February 18	The United States and Japan agree to conduct high-level talks on antidumping rules and other trade issues.
February 24	A WTO panel rules in favor of the United States in a dispute over Mexico's antidumping duties on high-fructose corn syrup (HFCS).
March	
March 3	A WTO dispute panel circulates its interim report upholding a U.S. complaint against Canadian rules on patent protection.
March 8	President Clinton sends legislation to Congress to extend permanent normal trade relations (PNTR) to China.
March 14	The EU and the United States finalize a data privacy agreement designed to give assurances to U.S. companies using voluntary "safe harbor principles" that they will not face data protection complaints while operating in the EU. The United States files a complaint with the International Civil Aviation Organization to resolve a dispute over the EU's hushkit regulation, which restricts the operation of aircraft that have been modified with noise-reducing hushkits.

Figure 1-1—Continued
Selected Trade Events, 2000

March	
March 24	The United States and Japan fail to agree on a joint report on telecommunications deregulation.
March 31	The Office of the United States Trade Representative releases the 15 th annual U.S. report on foreign trade barriers, <i>The 2000 National Trade Estimate Report on Foreign Trade Barriers</i> .
April	
April 14	USTR calls for additional progress on WTO transparency.
April 17	WTO government procurement talks dealt setback after a number of Asia countries block a proposal that would have focused discussions on possible elements of a new agreement.
May	
May 1	USTR releases its Special 301 Annual Review, which identifies 60 trading partners that deny adequate and effective protection of intellectual property or deny fair and equitable market access to U.S. artists and industries that rely on intellectual property protection. USTR also releases the Super 301 Report on Trade Expansion Priorities and the Title VII Report on Discriminatory Foreign Government Procurement Practices.
May 2	House and Senate negotiators reach agreement on the major outstanding issues in a bill expanding trade preferences to sub-Saharan Africa and beneficiaries of the Caribbean Basin Economic Recovery Act.
May 3	The Clinton Administration proposes a new monitoring program to ensure China complies with promises made to the United States in order to join the WTO.
May 11	The Senate approves the Africa-Caribbean Basin Enhancement Initiative by a vote of 77-19.
May 18	President Clinton signs into law the Trade and Development Act of 2000, which includes the African Growth and Opportunity Act (title I) and the Caribbean Basin Trade Partnership Act (title II).
May 19	China and the EU sign a bilateral WTO agreement. The United States will receive the same market access and tariff cuts as the EU.
May 23	Canada seeks WTO dispute settlement consultations with the United States on its countervailing duty cases on export restraints.
May 26	USTR welcomes "roadmap" for progress in the WTO services negotiations. USTR announces procedures for modifying the lists of EU products subject to increased tariffs (commonly known as carousel retaliation) as a result of the EU failure to comply with WTO dispute settlement rulings on beef and bananas.
May 31	U.S. and EU officials hold their semi-annual summit, but make no progress on bilateral trade disputes addressing U.S. foreign sales corporations, the EU beef hormone ban, and the EU banana import regime.

Figure 1-1—Continued
Selected Trade Events, 2000

June

June 6	Following discussions between President Clinton and Jordan's King Abdullah, administration officials announce that the United States and Jordan will initiate talks aimed at negotiating a free-trade agreement between the two countries.
June 7	The Clinton Administration expresses "serious concerns with the substance and process" associated with the European Commission proposal to impose a value-added tax on some services delivered electronically by non-European Union companies to EU consumers.
June 19	U.S. Supreme Court unanimously rules that a Massachusetts law restricting purchases from companies doing business with Burma is unconstitutional.
June 27	A NAFTA dispute panel rules in Canada's favor in a Chapter 11 claim by a U.S. lumber firm.
June 29	Agriculture Secretary Dan Glickman and USTR Charlene Barshefsky make public the U.S. agriculture negotiating proposal to be presented at the WTO agriculture negotiations.

July

July 11	Japan formally proposes to reduce Nippon Telegraph and Telephone Corp.'s interconnection rate by 22.5 percent over 3 years and to implement 80 percent of the reduction during the first 2 years, starting April 2001, but the United States rejects the proposal.
July 13	The United States and Vietnam sign a bilateral trade agreement. Vietnam agrees to reduce import quotas and lower tariffs. Vietnam also commits to progress on restrictions on financial services, telecommunications, distribution, intellectual property protection, and other issues related to market access.
July 14	The United States presents WTO members with a broad proposal setting out U.S. objectives for the WTO's negotiations on services as well as a possible framework for carrying out the talks.
July 17	A WTO dispute-settlement panel finds the United States acted inconsistently with WTO rules when it changed import requirements on EU products for a period of six and one-half weeks in 1999 before WTO dispute proceedings had concluded in the bananas dispute.
July 18	The United States and Japan reach agreement to reduce Japan's Nippon Telegraph and Telephone Corp.'s interconnection rates and increase access for U.S. carriers to the world's second largest telecommunications market.
July 19	The United States and Japan reach agreement on a third joint status report on deregulation. The pact would further liberalize Japanese telecommunications, energy, financial services, housing, pharmaceuticals, and medical device sectors, as well as address structural issues such as competition policy, distribution, and transparency.

Figure 1-1—Continued
Selected Trade Events, 2000

August

August 4	The United States announces a major decontrol for the sale of high-performance computers to destinations subject to the most stringent license restrictions, such as China and India.
August 17	Mexico breaks off talks on sweeteners trade with the United States and asks for the formation of a NAFTA panel to resolve the disagreement over how much sugar Mexico is entitled to ship to the United States.

September

September 18	The WTO's Appellate Body upholds a ruling that found in favor of the United States in its complaint against Canadian patent rules.
September 30	The United States and the EU announce an agreement on procedures they will follow in the WTO to resolve their dispute over a bill introduced in the U.S. Congress designed to bring the U.S. foreign sales corporation tax regime into compliance with WTO rules.

October

October 2	President Clinton signs a proclamation designating 34 sub-Saharan African countries and 24 Caribbean nations eligible for improved trade benefits under the Trade and Development Act of 2000, which includes the African Growth and Opportunity Act and the Caribbean Basin Trade Partnership Act.
October 6	The United States rejects the new offer put forward by the EU to resolve the longstanding banana dispute. The proposal would continue to treat bananas from Africa, the Caribbean, and the Pacific (ACP) more favorably than Latin American bananas sold to the EU.
	Canada and the United States reach agreement on resolving a dispute over the treatment by the U.S. Customs Service of Canada's exports of rough-headed lumber.
October 10	President Clinton signs into law a bill granting PNTR to China.
October 24	The United States and Jordan sign a free trade agreement.
October 26	The United States and Japan end latest round of bilateral auto and auto parts talks by agreeing to hold another round of expert-level talks in November. Neither side makes formal proposals concerning the future of the 1995 agreement, which expires at the end of the year.
October 27	The EU initiates dispute-settlement proceedings at the WTO against 16 U.S. countervailing duty measures that the EU claims violate WTO rules.
October 28	The Trade Sanctions Reform and Export Enhancement Act of 2000 is signed into law, authorizing commercial sales and exports of food, medicine, and medical equipment to Cuba, Iran, Libya, North Korea, and Sudan.

Figure 1-1—Continued
Selected Trade Events, 2000

November	
November 9	The November 2000 meeting of the Working Party on the accession of China to the WTO concludes with Chinese officials and those from its key trading partners expressing hope that agreements can be reached on all remaining issues within the next month.
November 12-13	APEC Ministers call for new round of trade talks in 2001.
November 15-17	The United States puts forth a proposal in the WTO agricultural negotiations calling for new and improved rules on the use of tariff-rate quotas (TRQ) as applied to agricultural imports.
November 16	The United States and Singapore announce that they will launch negotiations to complete the first bilateral free-trade agreement between an Asian and North American nation.
November 29	The United States and Chile agree to start negotiations on a comprehensive bilateral free trade agreement.
December	
December 8	The December 2000 meeting of the Working Party on China's accession to the WTO ends with an agreement regarding intellectual property rights. The group announces significant progress was achieved on accession agreement texts covering the removal of nontariff barriers, licensing procedures, and transparency in the services sector, as well as industrial policy, including the provision of subsidies to state industries.
December 14	The United States tables first comprehensive sectoral negotiating proposal at the mandated WTO services negotiations.
December 18-19	U.S.-Japan talks on renewing the bilateral auto and auto parts agreement break down and the agreement expires on December 31.
December 18	At the semi-annual U.S.-EU summit, officials make progress but fail to resolve disputes over the EU banana import regime and beef hormone ban.
December 28	AT&T Corp. and WorldCom Inc. on the U.S. side and Telefonos de Mexico S.A. (Telmex) on the Mexican side reached a settlement in the long-running dispute over certain monopolistic practices of Telmex.

In 2000, five new members acceded to the WTO—Albania, Croatia, Georgia, Jordan, and Oman—bringing total WTO membership to 140. Another 32 states were in various stages of accession at year's end.

Organization for Economic Cooperation and Development

In 2000, OECD membership rose to 30 with the accession of the Slovak Republic. During the year, OECD members also completed the most recent revision of the Guidelines for Multinational Enterprises, part of the OECD's legal economic instruments governing international capital flows that take place through direct

investment under the 1976 OECD Declaration on International Investment and Multinational Enterprises. Also in 2000, the OECD released an update of a 1996 report regarding trade, employment, and labor standards that sought to examine the relationship between core labor standards, trade, and economic development.

Regional Trade Initiatives

North American Free Trade Agreement

Under the provisions of the environmental side agreement of NAFTA, six claims were filed with the North American Commission for Environmental Cooperation regarding enforcement of NAFTA governments' environmental regulations. Nearly \$400,000 in grants were awarded in 2000 to 16 environmental projects among the NAFTA member countries under the North American Fund for Environmental Cooperation. The U.S. National Administrative Office received one labor law grievance in 2000 under provisions of the North American Agreement on Labor Cooperation, a side agreement of NAFTA. Eleven chapter 19 dispute resolution cases were accepted in 2000 to review U.S. agency determinations in commercial disputes. Two chapter 19 binational panels issued findings in 2000 regarding Canadian agency injury and dumping determinations on U.S. steel products and U.S. pipe fittings. Two binational panels were convened in 2000 to review Mexican agency dumping determinations on urea and beef from the United States. Two chapter 20 arbitral panels issued final reports regarding land transportation disputes between the United States and Mexico.

Free Trade Area of the Americas

Negotiations for the FTAA continued during 2000. The nine negotiating groups representing the 34 participating Western Hemisphere countries developed initial draft chapters for an agreement, and worked to consolidate the draft texts to express clearly the range of positions in preparation for the April 2001 ministerial meeting in Buenos Aires. Also in 2000, a U.S. interagency committee was established to develop proposed methodologies for an environmental review of the FTAA. The United States Trade Representative (USTR) initiated a written environmental review of the FTAA and requested public comments for that review on December 4, 2000.

Asia-Pacific Economic Cooperation

During 2000, APEC held its Leaders' meetings and Ministerial in Brunei Darussalam. The major accomplishment of APEC was to promote the date of 2001 for forming an agenda and beginning negotiations for the next round of WTO trade negotiations. Although the agreement did not guarantee the start of a new round of negotiations, it was an important step for proponents of greater trade liberalization. Also at their Ministerial, APEC Ministers expressed their firm commitment to "open regionalism" and strong support for the primacy of the multilateral trading system. APEC Ministers

agreed that trade facilitation must remain a priority issue and welcomed APEC's initial work on developing a set of non-binding principles on trade facilitation. APEC Ministers also welcomed the contribution that APEC was making towards strengthening the functioning of markets in the region, but called for improvement in access to affordable technology. Ministers acknowledged that "a digital divide could further widen social and economic disparities across the APEC region."

Bilateral Trade Relations

Canada

The U.S.-Canadian bilateral trading relationship is governed in large part by a free trade agreement, originally bilateral in nature and first signed in 1988. The U.S.-Canada Free Trade Agreement (CFTA) was largely subsumed by NAFTA in 1994. The bilateral phaseout of duties under CFTA/NAFTA was completed on January 1, 1998. The year 2000 was marked by a focus on the anticipated expiration of a bilateral agreement covering trade in softwood lumber, negotiated in 1996 for a 5-year period, which expired on schedule in March 2001. During 2000, interested groups on both sides of the border expressed conflicting points of view on the value of the lumber agreement. Others pointed to the agreement's termination as a high-profile example of the intersection of environmental and trade interests. While no other issue captured bilateral attention to the same extent, other issues addressed during the year included the bilateral automotive agreement, trade in wheat, and the Canadian patent system.

European Union

The U.S.-EU trade agenda addressed a broad range of issues during 2000, including aircraft hushkits, Airbus financing, mutual recognition agreements, approval of agri-biotechnology products, data privacy, wine, and steel. However, three disputes often overshadowed the trade relationship. These disputes, covering the EU banana import regime, the EU ban on hormone-treated beef, and U.S. foreign sales corporations (FSC), remained unresolved at year's end. U.S. retaliatory tariffs on EU products remained in place throughout 2000 in response to the EU's continued failure to comply with WTO findings on the long-standing bananas and beef issues. Although the United States modified its FSC regime in November in response to a WTO ruling, the EU claims the new regime remains WTO inconsistent.

Mexico

During 2000, U.S.-Mexican trade relations were marked by formal disputes about issues that have eluded resolution for years, including Mexican access to the U.S. sugar market, U.S. access to the Mexican market for high-fructose corn syrup (a sugar substitute), and the monopolistic practices of the Mexican telecommunications

company, Telefonos de Mexico S.A. (Telmex). During the year, Mexico filed a formal complaint under NAFTA's chapter 20 dispute-settlement procedures over the validity of NAFTA's sugar trade provisions affecting Mexican access to the U.S. market for sugar. Early in 2000, a WTO dispute-settlement panel ruled that the imposition of antidumping duties by Mexico on imports of high-fructose corn syrup from the United States violated the WTO Antidumping Agreement. Mexico's response to the recommendations of the dispute-settlement body was to retain the duties, based on new facts and analysis, which prompted the United States to request the WTO to resume its investigation. The United States also requested a WTO dispute-settlement panel to address a complaint over the monopolistic practices of Telmex; however, U.S. concerns were partly addressed by a settlement reached in December between Telmex and AT&T Corp. and WorldCom Inc., the principal U.S. companies that complained about lack of competition in Mexico's \$12 billion telecommunication services industry.

Japan

The United States continued to monitor its 63 bilateral agreements with Japan during 2000. However, there were relatively few active bilateral issues. The most important issues in 2000 were deregulation and efforts to extend the U.S.-Japan auto agreement. In the area of deregulation, the main topics of discussion included telecommunications, energy, information technology, and the Japanese commercial code. On July 18, an agreement was reached under which Japan will reduce its telecommunications interconnection fees. The agreement is expected to result in a savings of \$2 billion over 2 years for U.S. and other competitive carriers. With respect to the auto agreement, the United States encouraged Japan to extend the bilateral agreement, claiming that Japan's market is not fully open to foreign auto and auto parts manufacturers. Despite several rounds of negotiations, the agreement expired at year's end.

China

Following the November 15, 1999 bilateral agreement with the United States, China continued its bid to join the WTO. China signed a bilateral agreement with the European Union regarding China's WTO accession on May 19, 2000, and completed agreements with all other WTO working party member countries except Mexico. On October 10, 2000, President Clinton signed a law effectively ratifying the November agreement and establishing permanent normal trade relations with China. The law would terminate application of the Jackson-Vanik Amendment to China if it accedes to the WTO. Other ongoing issues between the United States and China include implementation of the 1999 Agreement on U.S.-China Agricultural Cooperation, bilateral discussions of China's protection of intellectual property rights (IPR) and the decision of USTR to monitor China under section 306 of the Trade Act of 1974, investigations into textile transshipments, and various technical issues related to China's entry into the WTO.

Taiwan

Important issues on the U.S.-Taiwan agenda in 2000 included Taiwan's bid to join the WTO, Taiwan's enforcement of intellectual property rights and the inclusion of Taiwan on the special 301 Watch List, and amendments to Taiwan's motion pictures laws. During 2000, Taiwan continued preparations for accession to the WTO, passing dozens of trade law revisions it has committed to in bilateral and multilateral WTO negotiations. However, a number of bills remain to be passed by Taiwan's legislature. In the past year, Taiwan also introduced broad measures to improve its investment climate and protection of intellectual property rights. Taiwan hopes to attract more investment from the United States and other countries, and has increased its efforts in commercial and trade law enforcement. Other developments in 2000 included a major legal training seminar to prepare judges and lawyers for WTO membership, proposed changes to Taiwan's motion picture laws, the expansion of Taiwan's list of commodities under mandatory import inspection, and proposed changes to Taiwan's tariff system for tobacco and alcohol.

Korea

U.S.-Korean trade relations were again calm in 2000, reflecting the continued relaxation of trade frictions in recent years. One bilateral trade issue involving the United States and Korea in 2000 stood out above the others: Korea's imports of beef. In July, a WTO dispute-settlement panel concluded that Korea's import regime for beef discriminates against imports from the United States and other foreign suppliers and that the excessive amount of subsidies that Korea provides to its cattle industry violates its reduction commitments on domestic support. Korea appealed the ruling in September 2000. The WTO Appellate Body upheld the dispute-settlement panel's findings that Korea's beef import regime discriminates against imports from the United States and other foreign suppliers. However, the Appellate Body ruled that the record in the panel's report did not permit a determination whether the level of domestic subsidies provided by Korea to agriculture in 1997 and 1998 were higher than permitted under the WTO Agreement on Agriculture. Korea has agreed to bring the remaining elements of its beef import regime into compliance with WTO rules by September 10, 2001.

Brazil

U.S.-Brazilian bilateral trade relations continued to be increasingly influenced by Brazil's membership in the Southern Common Market (Mercosur), and by ongoing negotiations for the FTAA. Key issues involving U.S.-Brazilian bilateral trade relations during 2000 included a U.S. complaint filed in the WTO with respect to Brazil's industrial property law requiring the subject matter of a patent to be "worked" in Brazil by local producers or else be subject to compulsory licensing; Brazil's decision to implement price controls on pharmaceutical industry products, including the products of several major U.S. pharmaceutical companies operating in Brazil; and ongoing U.S. concerns about the lack of a clear Brazilian policy on imports of genetically modified agricultural products.

Bilateral Free Trade Agreements

During 2000, the United States negotiated and signed its fourth FTA with Jordan, and initiated FTA negotiations with Singapore and Chile. The U.S.-Jordan FTA was signed on October 24, 2000, and is the first U.S. FTA to include provisions on labor and the environment in the text of the agreement. The agreement calls for the phased elimination of nearly all tariffs between the United States and Jordan on merchandise trade over a period of 10 years. The agreement also includes provisions on intellectual property rights, e-commerce, services, and dispute settlement. The agreement awaits Congressional approval.

On November 16, 2000, the United States and Singapore announced the start of negotiations for a U.S.-Singapore FTA. This FTA will be the first the United States has negotiated with an Asian country. Like the Jordan FTA, the U.S. Government has proposed including provisions on labor and the environment. The United States and Singapore conducted two rounds of negotiations, during December 4-21, 2000, and January 10-18, 2001, and have agreed to hold a third round of negotiations during the period May 21-26, 2001 in Singapore.

On November 29, 2000, President Clinton announced that the United States and Chile had agreed to start negotiations on a comprehensive bilateral free trade agreement, including provisions on labor and the environment. Formal negotiations began in Washington, DC on December 6, 2000. Several rounds of negotiations, alternating in Washington, DC and in Santiago, Chile, were conducted during late 2000 and early 2001.

Administration of U.S. Trade Laws and Regulations

The following developments in U.S. trade programs occurred during the year 2000:

- The Commission completed two investigations under the U.S. global action safeguard law in 2000—on crabmeat and extruded rubber thread—making negative determinations in both. At the end of the year, the United States had four global safeguard measures in place, on imports of wheat gluten, lamb meat, steel wire rod, and welded line pipe.
- The U.S. Department of Labor instituted 1,379 investigations for trade adjustment assistance to workers in FY 2000, a nearly 50 percent decline over the number instituted in FY 1999. During FY 2000, 841 certifications were issued, covering 100,906 workers. In addition, 785 petitions were filed under the U.S. NAFTA-related transitional adjustment assistance program for workers, also a decline from the previous fiscal year. During FY 2000, 402 certifications were issued, covering 47,213 workers. The U.S. Department of Commerce certified 201 firms as eligible to apply for trade adjustment assistance during FY 2000, a slight increase over the number in FY 1999.

- Following final affirmative determinations by the Commission and the U.S. Department of Commerce, 21 new antidumping orders were issued in 2000. Following final affirmative determinations by the Commission and the U.S. Department of Commerce, six new countervailing duty orders were imposed in 2000.
- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications fields. During 2000, there were 27 active section 337 investigations and ancillary proceedings, 17 of which were instituted in 2000. The Commission concluded 16 investigations and ancillary proceedings under section 337 and issued exclusion orders in three of those investigations. One investigation was terminated on the basis of a consent order and eight investigations were terminated on the basis of settlement agreements.
- USTR initiated one section 301 investigation in 2000. The petitioners requesting the investigation alleged that certain actions of the Canadian Wheat Board have harmed U.S. wheat farmers in the U.S. market and in certain third-country markets. In addition, further developments occurred in a number of investigations initiated prior to 2000, including resolution of the dispute with Australia regarding subsidization of Australia's sole exporter of automotive leather.
- During 2000, Nigeria became a beneficiary of the U.S. Generalized System of Preferences (GSP), and Belarus's GSP benefits were suspended because it had not taken steps to afford internationally recognized worker rights. In July, the President announced the graduation of four countries—Malta, French Polynesia, New Caledonia, and Slovenia—from the GSP effective January 1, 2002.
- On May 18, 2000, the President signed into law the Trade and Development Act of 2000, which provides for expanded trade benefits—in particular, duty-free and quota-free treatment for qualifying imports of textiles and apparel—from 48 eligible countries in sub-Saharan Africa under title I, the African Growth and Opportunity Act (AGOA), and from 24 Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries under title II, the United States-Caribbean Basin Trade Partnership Act (CBTPA). AGOA and CBTPA became effective on October 1, 2000.
- In 2000, the WTO reviewed challenges to U.S. quotas that had been imposed under the WTO Agreement on Textiles and Clothing on imports of certain yarn from Pakistan and underwear from Turkey. These cases are pending. The United States increased all quotas for Cambodia pursuant to the Labor Standards provision of the 1999 bilateral textile agreement by 5 percent in May 2000 and by another 4 percent in September because of Cambodia's progress in improving working conditions in its textile and apparel industries.

The International Economic Environment and World Trade in 2000

International Economic Environment

In 2000, world economic growth gained strength for the second consecutive year, following the global slowdown in 1998. In 2000, global output grew an estimated 4.7 percent, led by the continued strength of the U.S. economy; the robust upswing in Europe; the consolidation of the recovery in Asia; and a rebound from the slowdown in 1999 in emerging markets in Latin America, the Middle East, and Europe. Activity in Africa rose further than in previous years, and the transition economies registered growth, supported by improved performance in Russia. As in past years, economic growth in the industrial world was underpinned by rising productivity, low rates of inflation, low interest rates, improved fiscal positions, and prudent monetary and fiscal policies. A number of countries, however, continued to experience serious economic problems—in some cases due to natural disasters and adverse movements in non-oil commodity prices.³ For example, the economic performance of non-oil-producing economies in Africa suffered from depressed commodity prices, sometimes exacerbated by other factors, including drought and armed conflict.⁴

Despite the strengthening of overall economic growth, there were a number of economic and financial imbalances in the global economy. These included the uneven pattern of gross domestic product (GDP) and demand growth among the three major currency areas (the dollar, the euro, and the yen) and the associated imbalances in their external current accounts, including a record deficit in the United States, and surpluses in Japan and some other major economies. Other imbalances included the misalignments among major currencies, particularly the euro and the U.S. dollar, and the still high level of equity market valuations in the United States and some other countries. However, some progress has been made towards resolving these imbalances through, among other factors, the continued expansion in Europe, the easing of demand pressures in the United States, and a modest decline in stock market valuations in some countries from recent peaks.⁵

The volume of world trade in goods and services is estimated to have grown by 10.0 percent in 2000,⁶ almost double the 5.1 percent growth rate of the previous year and far outpacing the growth in world output. The strengthening of economic growth in Europe, the improvement in the financial and exchange market conditions in Asia, Japan, and Russia, and the strong economic growth in the United States were the major factors boosting world trade. In addition, the reduction in financial market tensions supported growth in several emerging markets, some of which were helped by rising commodity prices, such as oil.⁷

³ International Monetary Fund, *World Economic Outlook*, October 2000, pp. 1-7.

⁴ *Ibid.*, pp. 39 and 73-79.

⁵ *Ibid.*, pp. 1-7.

⁶ *Ibid.*, p. 3, table 1.1.

⁷ *Ibid.*, p. 2.

World real output is estimated to have grown by 4.7 percent in 2000, following a 3.4 percent annual growth rate in 1999.⁸ As in the past, prudent monetary policies and commitments to reduce budget deficits in a number of countries, including the United States, Canada, and among EU members, have played a major role in keeping inflation low and inducing stable rates of economic expansion. Table 1-1 shows projections of economic indicators of the United States and selected U.S. trading partners for 2000, as well as prospects for 2001.

During 2000, the U.S. economy continued to expand strongly, growing to near full capacity as real output expanded. The strength of business investment, notably in information technology, coupled with impressive productivity gains, boosted real GDP by an annual rate of 4.8 percent in the first quarter of 2000, by 5.6 percent in the second quarter, by 2.2 percent in the third quarter, and by 1.1 percent in the fourth quarter of the year.⁹ For the year 2000 as a whole, real GDP growth averaged 5.0 percent. The annual GDP growth rate for the United States is projected by the OECD to fall to about 3.5 percent in 2001. The economic expansion in 2000 was accompanied by an easing in domestic demand growth. The level of fixed investment remained high, supported by strong business confidence and an ongoing drive to invest in new technologies, although consumption growth fell sharply in the second quarter, largely reflecting a decline in durables purchases. More recent economic data show a mixed picture; housing starts are turning down, and employment growth has moderated.

The U.S. expansion's strength and record longevity have owed much to the consistent pursuit of sound macroeconomic policies, as well as the flexibility of the country's product and labor markets. This strong performance has been underpinned by strong growth in labor productivity, partially linked to rising investment in high technology, which led observers to conclude that the United States is experiencing a "new economy" in which technology gains allow for an increase in productivity growth. This strong growth in productivity has helped attract substantial capital inflows into the United States, thereby contributing to the appreciation of the U.S. dollar and the widening of the current account deficit, as well as the high level of equity market valuations.¹⁰

In Canada, the economy continued to rebound strongly in 2000, aided by U.S. demand, rising oil prices, and a competitive exchange rate. Canada's GDP grew by an estimated 4.8 percent in 2000, driven by booming growth in exports and fixed investment. GDP growth is projected to slow in 2001 due to the tightening of monetary policy and the anticipated slow down in U.S. economic growth. Unemployment declined to an estimated 6.7 percent in 2000, the lowest level since the mid-1970s, and the external current account moved into a modest surplus.¹¹

⁸ Ibid., p. 3, table 1.1.

⁹ Council of Economic Advisers, *Economic Report of the President*, January 2001, table B2; and U.S. Department of Commerce, Bureau of Economic Analysis, *Gross Domestic Product: Fourth Quarter 2000*, BEA 01-04.

¹⁰ IMF, *World Economic Outlook*, October 2000, p. 9.

¹¹ Ibid., p. 11.

Table 1-1
Comparative economic indicators of the United States and specified major trading partners, projections, 2000-2001

Country	Real GDP		Inflation rates ¹		Unemployment rates ²		Governments' budget balances ³		Merchandise trade balances		Current account balances ⁴	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
	Percent change from previous period						Percent of GDP		Billion dollars		Percent of GDP	
Major traders:												
United States	5.0	3.5	2.4	2.1	4.0	4.2	2.3	2.6	-449.5	-490.5	-4.3	-4.5
Canada	4.8	3.4	1.7	2.3	6.7	6.7	2.5	2.1	34.4	36.5	1.8	2.2
Japan	1.9	2.3	-1.5	0.4	4.7	4.6	-6.0	-6.0	124.8	117.1	2.8	2.7
Germany	3.0	2.7	1.5	1.6	7.7	6.9	1.4	-1.7	64.1	69.4	.9	.6
United Kingdom	3.0	2.6	1.4	2.4	5.5	5.4	2.7	2.2	-45.5	-49.9	-1.5	-1.9
France	3.3	2.9	1.5	2.1	9.7	8.8	-1.4	-0.1	8.0	7.0	2.3	2.3
Italy	2.8	2.7	2.7	2.5	10.8	10.1	-1	-1.0	12.3	13.0	-9	-7
European Union	3.4	3.0	2.1	2.3	8.2	7.6	.7	.0	52.4	56.3	-2	-2
Mexico	7.0	5.0	9.3	7.2	2.4	2.6	-2.9	-1.8	-8.0	-11.4	-3.4	-3.8
Total OECD	4.3	3.3	3.1	2.6	6.2	6.0	.5	.4	-248.1	287.8	-1.2	-1.3
China	8.0	7.6	.4	1.0	NA	NA	NA	NA	NA	NA	1.4	1.1
Hong Kong	9.0	7.1	-1.8	2.0	4.0	3.1	-3.0	-1.2	-20.0	20.5	3.3	2.8
Malaysia	8.5	7.0	2.5	3.5	NA	NA	NA	NA	NA	NA	15.6	13.3
Republic of Korea	8.8	6.5	2.2	3.0	4.0	3.7	4.7	4.7	18.7	16.3	2.5	1.7
Singapore	7.9	5.9	1.4	2.1	2.9	2.5	2.4	3.1	NA	NA	23.6	22.8
Taiwan	6.5	6.0	1.6	2.3	2.5	2.3	-0.5	-0.5	9.8	14.4	2.1	2.2
Thailand	5.6	5.8	2.0	4.0	NA	NA	NA	NA	NA	NA	7.6	8.0

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

² Percentage of total labor force.

³ Financial balances as a percentage of nominal GDP.

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

Note.—2000 and 2001 data are projections of the IMF and OECD; however, GDP, inflation, unemployment rates, and merchandise trade balance for the United States in 2000 are actual.

Source: OECD, *Economic Outlook*, vol. 68, Dec. 2000, Annex table 1; IMF, *World Economic Outlook*, Oct. 2000; and official statistics of the U.S. Department of Commerce.

In the European Union, the expansion gathered strength in 2000. GDP grew an estimated 3.4 percent,¹² with all member countries registering higher than expected growth rates, and is projected to increase by 3.0 percent in 2001.¹³ Resurgent export growth due to the strengthening global recovery and a highly competitive currency exchange rate spurred expansion. The expansion was also sustained by higher consumer and business confidence and a favorable external environment. The pickup in activity was accompanied by a substantial decline in unemployment. However, with some slack still remaining in EU labor and product markets, underlying price pressures have been muted. Inflation increased by 2.1 percent in 2000, due largely to rising oil prices and exchange-rate pass through. Core inflation, however, remained subdued, due to moderate wage settlements, falling utility prices as deregulation and privatization measures took effect, and cuts in direct taxes in some countries.¹⁴

The euro was quite volatile, hitting record lows against the U.S. dollar and most other major currencies in mid-May and again in early September. By early September the euro had depreciated by over 15 percent in nominal effective terms since its inception in January 1, 1999. In part, this has reflected the relative cyclical position of the countries of the euro zone, with growth considerably slower than in the United States. In addition, relative interest-rate differentials and market perceptions of differences in the underlying climate for investment across countries may have played a role.¹⁵

During 2000, growth rates among individual countries in the euro zone continued to differ markedly, posing challenges to policy makers since monetary policy must be set on the basis of conditions in the euro zone as a whole. Fiscal deficits were substantially reduced in all euro-zone countries and the IMF projects that the area as a whole will be close to overall balance by 2003.¹⁶

In Japan, following two quarters of decline, GDP rose by an annual rate of 4.0 percent in the first half of 2000, but only by an estimated 1.9 percent in full-year 2000. Overall, it appears that a modest recovery is under way, supported by strengthening corporate profitability and investment, particularly in the high technology sector. Over the coming year, recovery is expected to gradually gather momentum, with GDP growth projected to rise to 2.3 percent in 2001.¹⁷

The emerging recovery has led to increasing pressures to roll back the exceptional fiscal and monetary measures that were introduced during the past two years. In August 2000, the Bank of Japan ended the zero interest-rate policy, increasing the overnight call rate to 0.25 percent. However, there has been only a small increase in short- and long-term market rates. With the Japanese fiscal deficit approaching double-digit levels and public debt very high, there have been pressures for fiscal consolidation. At the same time, the recovery remains fragile and subject to downside

¹² Ibid., table 1.3, p. 10.

¹³ OECD, *Economic Outlook*, No.68, December 2000, Summary of projections table, p. viii.

¹⁴ IMF, *World Economic Outlook*, October 2000, p. 13.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ OECD, *Economic Outlook*, No. 68, December 2000.

risks. In the absence of additional measures, public investment is expected to fall off sharply. A critical element remains the outlook for private consumption, which has remained weak due to declining household income and high savings rates in response to ongoing corporate restructuring and high unemployment. With retail sales sluggish and only a modest gain in consumer confidence, a sustained recovery in consumer demand is still not assured and could be derailed by adverse macroeconomic developments.¹⁸

Growth prospects in developing and emerging economies in 2000 were mixed. Economic activity started to recuperate in Latin America and the Caribbean from the 1997-98 emerging markets' economic crisis. Growth was fueled by increased exports, particularly to the United States, as well as a recovery in consumer confidence and spending. Real GDP, which was basically flat in 1999, expanded by a healthy 4.25 percent in 2000, and is expected to grow by 4.5 percent in 2001, while inflation is expected to remain in single digits in most countries. The current account deficit for the region, as a ratio to GDP, narrowed somewhat in 2000, reflecting healthy export volumes and improvement in the terms of trade resulting from higher commodity prices. However, the region's need for external funds remains sizable, particularly once debt amortization and the relatively closed nature of many of the economies are taken into consideration.¹⁹

Important differences remain across the countries in Latin America and the Caribbean. Several countries, such as Brazil, Mexico, and Chile, are exhibiting more rapid growth than other countries in the region, particularly those with economic and political uncertainties. In Brazil, strong exports, which surged as a result of the depreciation in early 1999, and rising consumer and investment spending contributed to an estimated 4.0 percent increase in GDP in 2000. Real GDP is projected by the IMF to rise by 4.5 percent in 2001. Inflation rose by 7.5 percent in 2000 and the trade deficit narrowed from the previous year.²⁰ Chile also is experiencing a recovery supported by robust consumer spending. Confidence has been maintained by responsible macroeconomic policies, including inflation-targeting regimes. In Argentina, economic growth is recovering gradually and in the absence of external shocks, is expected to accelerate in 2001. Oil revenues are spurring economic activity in Venezuela.

In Mexico, the economy continued to expand at a healthy pace, backed by prudent monetary policy, as well as higher oil prices, rapid growth in the United States, strong consumer spending, and rising demand for investment goods. According to the OECD, growth in Mexico accelerated to almost 7.0 percent in 2000, but is expected to fall back in 2001.²¹ Inflation is projected to continue to decline as monetary policy is tightened. Higher oil prices are supporting the external position and the fiscal balance.

¹⁸ IMF, *World Economic Outlook*, October 2000, pp. 17, 20.

¹⁹ *Ibid.*, p. 21.

²⁰ *Ibid.*, table 1-5.

²¹ OECD, *Economic Outlook*, No. 68, December 2000.

In Asia, economic activity gathered strength. According to the IMF, real GDP grew an estimated 6.7 percent in 2000 and is estimated to grow by 6.6 percent in 2001.²² The rapid recovery of output from the Asian crisis was fueled by continuing fiscal and monetary stimulus, as well as external demand, supported by a recovery in the prices of electronics. Continuing demand for information technology goods aided the expansion, but private domestic demand became a major force propelling regional growth in 2000, particularly in the countries most advanced in recovery, where fixed investment is increasing rapidly. Growth in Indonesia accelerated to 4.0 percent in 2000. Activity in Korea moderated to 8.8 percent in 2000. The strongest rebounds in 2000 occurred in Malaysia (8.5 percent), Singapore (7.9 percent), and Thailand (5.6 percent). Growth also accelerated in the Philippines (4.0 percent) and Hong Kong (9.0 percent). Export growth, sparked by a revival in world demand for electronics products, contributed to recoveries in some countries, especially in Malaysia, the Philippines, Thailand, and Singapore.

Recent data indicate that China continues to grow at a robust pace. According to the IMF, real GDP increased by an estimated 8.0 percent in 2000, supported by stronger private consumption and exports. Deflationary pressures are projected to diminish in 2001. Monetary policy is expected to remain accommodative. China's bid to enter the World Trade Organization, which will increase external competition in many sectors once complete, underscores the need to accelerate reforms of state-owned enterprises and the banking system.²³

Fueled by high prices for a number of key exports, notably energy products and metals, the Russian economy continued to exhibit strong growth in 2000. GDP grew by a reported 7.5 percent, while industrial output was 10 percent higher than in the previous year. There also has been a partial recovery in domestic demand. Real incomes were 13 percent higher in 2000 relative to 1999, while retail trade was up by 8.0 percent. The production of investment goods picked up, mirroring an estimated 17.0 percent growth in fixed capital investment relative to the previous year. The high export prices and growth in export volume, coupled with a modest recovery in import demand, have significantly increased Russia's current account surplus to a reported \$23 billion.²⁴

U.S. Balance of Payments Position

The U.S. current account deficit (the combined balances on trade in goods, services, and investment income, and net unilateral current transfers) increased by 31.3 percent to \$435.4 billion in 2000 from \$331.5 billion in 1999 (see table 1-2). The strengthening of domestic demand for merchandise imports due to relatively higher rates of U.S. economic growth led to a widening of the current account deficit in 2000.²⁵ The deficits on merchandise trade and investment income were partially offset by the

²² IMF, *World Economic Outlook*, October 2000, pp. 22-26, and table 1.5.

²³ *Ibid.*, p. 26.

²⁴ OECD, *Economic Outlook*, No. 68, December 2000, p. 128.

²⁵ U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. International Transactions*, January 2001.

surplus on services. The U.S. surplus on services trade increased very slightly to \$81.0 billion in 2000 from \$80.6 billion in 1999. The U.S. deficit on goods and services grew by 39.1 percent to \$368.5 billion in 2000 from \$265.0 billion in 1999. The U.S. deficit on income from foreign investment declined in 2000 as payments on foreign assets in the United States grew less rapidly than receipts from U.S. assets abroad. Net inflows of foreign capital into the United States rose to \$399.0 billion in 2000 from \$323.4 billion in 1999.

Table 1-2
Summary of U.S. international transactions, 1999-2000
(Billion dollars)

Item	1999	2000
Merchandise exports	684.4	773.4
Merchandise imports	-1029.9	-1222.8
Balance on merchandise trade	-345.5	-449.5
Services exports	271.9	296.2
Services imports	-191.3	-215.2
Balance on services	80.6	81.0
Balance on goods and services	-265.0	-368.5
Income receipts on U.S. assets abroad	276.2	345.4
Income payments on foreign assets in the United States	-294.7	-359.1
Balance on investment income	-18.5	-13.7
Balance on goods, services, and income	-283.5	-382.2
Unilateral transfers	-48.0	-53.2
Balance on current account	-331.5	-435.4
U.S. assets abroad, net, outflow (-)	-430.2	-553.4
Foreign assets in the U.S., net, inflow (+)	+753.6	+952.4
Net capital inflows (+), outflows (-)	+323.4	+399.0

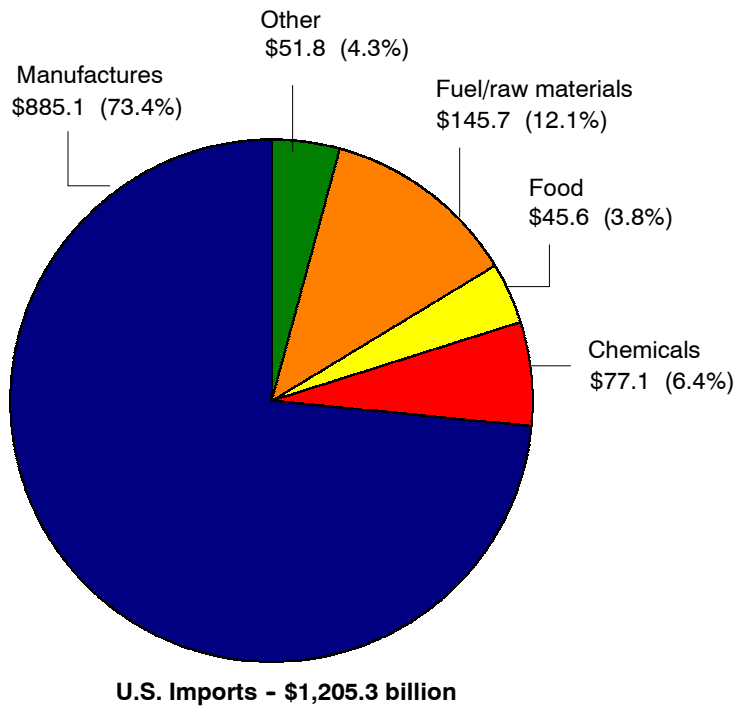
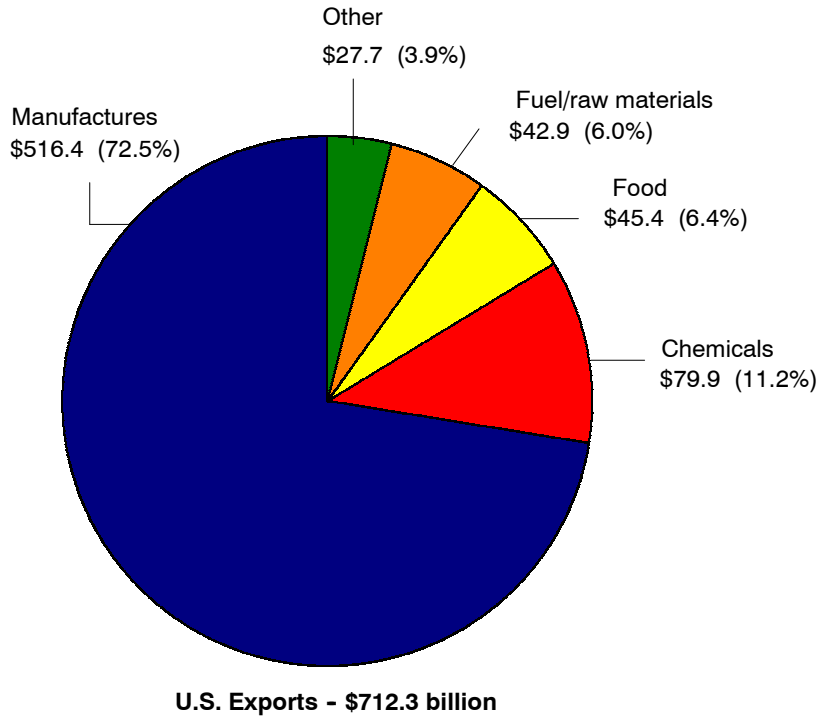
Source: U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. International Transactions, Fourth Quarter and Year 2000*, BEA 01-06. Details may not add to totals because of rounding. Figures are on balance-of-payments basis. Exports of goods are adjusted for timing, valuation, and coverage to balance-of-payments basis, excluding exports under U.S. military agency sales. Exports of services include some goods that cannot be separately identified from services.

U.S. Merchandise Trade in 2000

In 2000, the United States ranked as the world's largest merchandise exporter and importer, followed by Germany and Japan. U.S. merchandise exports (based on U.S. Census data) were \$712.3 billion in 2000; imports were \$1,205.3 billion. The U.S. merchandise trade deficit with the world was \$493.1 billion in 2000. The majority of U.S. exports consisted of manufactured goods, which accounted for 72.5 percent of total U.S. exports in 2000, followed by chemicals (11.2 percent of exports), food and beverages (6.4 percent), fuel and raw materials (6.0 percent), and all other goods (3.9 percent). The majority of U.S. imports consisted of manufactured goods, which accounted for 73.4 percent of total imports, followed by fuel and raw materials (12.1 percent), chemicals (6.4 percent), and food and beverages (3.8 percent). The category "all other goods" accounted for 4.3 percent of total U.S. imports (see figure 1-2).

Figure 1-3 shows U.S. merchandise exports, imports, and trade balances with major trading partners. Leading U.S. exports to and imports from these major U.S. trading

Figure 1-2
U.S. merchandise trade with the world, by product sectors, 2000
(Billion dollars)

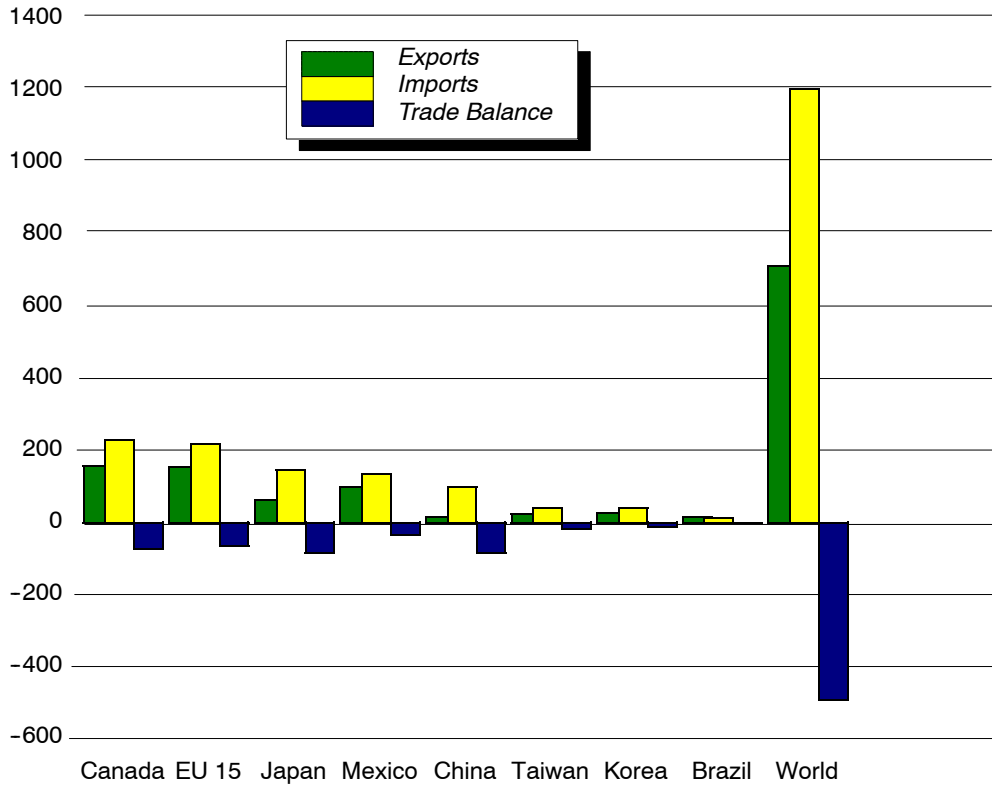


Note.—Because of rounding, figures may not add up to totals shown.

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

Figure 1-3
U.S. merchandise exports, imports, and trade balance with major trading partners, 2000

Billion dollars



Major trading partners	Exports	Imports	Trade balance
Canada	\$155.6	\$229.1	\$-73.5
EU (15)	152.7	218.4	-65.7
Japan	60.8	145.7	-85.0
Mexico	100.4	134.7	-34.3
China	15.3	99.6	-84.2
Taiwan	22.4	40.4	-18.0
Korea	26.3	39.8	-13.5
Brazil	14.0	13.7	0.3
World	712.3	1,205.3	-493.1

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

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

partners are highlighted in the appendix. In 2000, U.S. trade with NAFTA countries accounted for about 32.3 percent of total U.S. exports and imports. Of the \$493.1 billion total merchandise trade deficit in 2000, NAFTA accounted for \$107.8 billion, of which Canada accounted for \$73.5 billion and Mexico accounted for \$34.3 billion.

The U.S. merchandise trade deficit with Japan was \$85.0 billion, followed by China at \$84.2 billion, the EU at \$65.7 billion, Taiwan at \$18.0 billion, and Korea at \$13.5 billion. The U.S. trade deficit with Japan and China combined totaled \$169.2 billion or about 34.3 percent of the total U.S. trade deficit on goods.

CHAPTER 2

Selected Trade Activities in the WTO and OECD in 2000

World Trade Organization

Mandated Negotiations Proceed

Following the failure to launch a new round of multilateral trade negotiations at the Third WTO Ministerial Conference, held in Seattle from November 30 to December 3, 1999, the WTO Director-General consulted extensively with WTO Members¹ about how the organization should proceed. At the WTO General Council meeting on February 7-8, 2000, members agreed to move forward with the negotiations mandated under the Uruguay Round Agreements' built-in agenda, namely negotiations on agriculture and services,² as well as intellectual property negotiations regarding geographical indications for wines and spirits. In addition, members agreed to hold further formal and informal meetings during 2000 to discuss unresolved issues remaining from the conference, broadly encompassed under the rubric of implementation issues.

Agriculture

Article 20 (Continuation of the Reform Process) of the WTO Agreement on Agriculture states that its objective of substantial progressive reduction in agricultural support and protection is an ongoing process. As a consequence, under Article 20, members "agree that negotiations for continuing the process will be initiated 1 year before the end of the implementation period." These mandated agriculture negotiations got underway in 2000, one year before the end of the implementation period for the Agreement on Agriculture at the end of 2000. These negotiations are to take into account:

¹ As a legal convention, the WTO refers to its "Members" with an initial first capital, as well as to its various bodies such as the "Council" or the "Committee" when referring to a previous reference of, for example, the Council for Trade in Goods or the Committee on Market Access. This chapter follows that convention in the specific instances such as "WTO Members" or the "WTO General Council," but otherwise employs a more generic use of lowercase "members," "council," "committee," etc., without intending to alter any legal implication that might apply.

² WTO, "WTO Services and Agriculture Negotiations: Meetings Set for February and March," press release 167, Feb. 7, 2000, found at Internet address <http://www.wto.org/wto/new/press167.htm>, retrieved Feb. 8, 2000.

- the experience to date of these reduction commitments;
- the effect on world trade in agriculture of these reduction commitments;
- nontrade concerns;
- special and differential treatment for developing country members;
- the objective to establish a fair and market-oriented agricultural trading system; and
- what further commitments may be needed to implement these goals.

The WTO Agriculture Committee agreed at its meeting March 23-24, 2000, to hold special negotiating sessions where members would submit proposals regarding negotiating objectives during the first phase of negotiations in 2000, and would negotiate a final agreement during the second phase in 2001.³ Delegates also agreed at this meeting to: (1) a meeting schedule, (2) a deadline for submitting proposals, and (3) technical work.⁴ During 2000, the committee held negotiating sessions in March, June, September, and November, which continued in 2001. The delegates agreed to a deadline of March 2001 for submitting proposals under phase one so that the committee can then review the submissions and take stock of the ongoing negotiations.⁵

Services

Article XIX (Negotiation of Specific Commitments) of the WTO General Agreement on Trade in Services (GATS) requires WTO Members to “enter into successive rounds of negotiations, beginning not later than 5 years from the date of entry into force of the WTO Agreement ... with a view to achieving a progressively higher level of liberalization.” These mandated services negotiations began in 2000, 5 years following the 1995 establishment of the WTO.

GATS Article XIX:⁶

- indicates that “appropriate flexibility” shall be given to developing country members in these negotiations to open fewer sectors, liberalize fewer types of transactions, and other forms of special and differential treatment in their favor (XIX:2).

³ WTO, “Agriculture Negotiations 23-24 March 2000 - Talks Reach Swift Agreement on ‘Phase 1’,” press release 172, Mar. 27, 2000, found at Internet address <http://www.wto.org/wto/new/press172.htm>, retrieved May 25, 2000.

⁴ The WTO Secretariat distributed to delegates at their June 2000 session technical background materials on the impact of the reductions in agricultural subsidies and protection instituted under the Uruguay Round Agreements.

⁵ The review meeting was held March 26-27, 2001, examining the 44 negotiating proposals and three technical submissions tabled since March 2000. WTO, “Work Programme Agreed for Talks’ ‘Phase 2’,” press release 215, Mar. 27, 2001, found at Internet address http://www.wto.org/english/news_e/pres01_e/pr215_e.htm, retrieved Apr. 26, 2001.

⁶ The Uruguay Round Agreements brought into operation a number of different agreements often bearing identical, structured numbering. In the interest of clarity in this chapter—particularly where

- requires “negotiating guidelines and procedures” to be established (XIX:3). To create these guidelines, this section directs the Council for Trade in Services (CTS) to carry out an “assessment of trade in services in overall terms and on a sectoral basis,” with due reference to increasing the participation of developing countries in the services negotiations as set out in GATS Article IV:1. The negotiating guidelines must account for “liberalization undertaken autonomously by Members since previous negotiations, as well as for special treatment for least-developed country Members” as set out in GATS Article IV:3.
- requires that progressive liberalization in each successive round of negotiations aims to increase the general level of specific commitments undertaken by members, whether by bilateral, plurilateral, or multilateral negotiations (XIX:4).

First phase services meetings

The WTO General Council decided at its February 7, 2000 meeting that the mandated services negotiations would be held by the CTS during special sessions, held back-to-back with regular meetings of the services council.⁷ During 2000, the CTS held special negotiating sessions in February, April, May, July, October, and December, during which members discussed:

- organizational matters, where members agreed that the council’s subsidiary committees would continue to report to the CTS as usual, holding council decisions of equal stature whether in regular meeting or special session.⁸ Members agreed to a work program where delegates would hold four “services weeks” during which subsidiary committees will meet first, followed by regular meetings, and finally by special sessions for negotiations.⁹ Members agreed that the mandated assessment of trade in services would be ongoing, rather than a one-time assessment. Delegates agreed to review most-favored-nation (MFN) exemptions taken regarding services commitments, followed by the Annex on Air Transport Services, and subsequently the Understanding on Accounting Rates in Basic

⁶—Continued

different agreements are under discussion—an agreement’s article numbering may be prefixed with an abbreviation for the agreement to avoid possible confusion, for example between GATT Article XIX (Emergency Action on Imports of Particular Products) and GATS Article XIX (Negotiation of Specific Commitments) or to distinguish between Article 1 under the Agreement on Agriculture (AGR Article 1, Definition of Terms), Agreement on Subsidies and Countervailing Measures (SCM Article 1, Definition of a Subsidy), the TRIPs Agreement (TRIPs Article 1, Nature and Scope of Obligations), the Dispute Settlement Understanding (DSU Article 1, Coverage and Application), and so forth.

⁷ WTO, “Report of the Special Session of the Council for Trade in Services to the General Council,” S/CSS/3, Nov. 24, 2000.

⁸ The subsidiary committees of the CTS include the Committee on Specific Commitments, Working Party on Domestic Regulations, and the Working Party on GATS Rules.

⁹ WTO, “Services Council Adopts Negotiating Timetable for this Year,” press release [unnumbered], issued Apr. 17, 2000, found at Internet address <http://www.wto.org/wto/new/Services2.htm>, retrieved May 25, 2000.

Telecommunications.¹⁰ At the end of 2000, Members agreed to a meeting schedule for 2001.¹¹

- the overarching guidelines for the services negotiations, assessment of trade in services, and how to treat autonomous liberalization measures undertaken since the Uruguay Round Agreements, required by the Article XIX negotiations mandate. Members began to review the GATS Annex on Article II Exemptions (taken regarding MFN treatment), as well as the Annex on Air Transport Services. They agreed to hold a seminar on services statistics and near year-end 2000 initiated discussion of maritime transport services, the movement of professionals, as well as other matters related to the services negotiations.¹²
- individual proposals, a number¹³ of which suggested that submissions on the scope and structure of negotiations be concluded by year-end 2000 to allow the first phase of negotiations to focus on rulemaking and the second phase beginning in March 2001 to concentrate on market-access negotiations. Among others, a group of developing countries put forward a proposal to establish a GATS Annex on Tourism Services.¹⁴

Geographical Indications

Article 23 (Additional Protection for Geographical Indications for Wines and Spirits) of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Agreement) says:

In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for TRIPs concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.

On March 21, 2000, the Council on Trade-Related Aspects of Intellectual Property Rights (Council for TRIPs or TRIPs Council) held an extensive discussion regarding the review and negotiations mandated under TRIPs Article 23. However, progress toward mandated negotiations under the TRIPs Agreement has proved slower than for

¹⁰ WTO, "WTO Organizes a Seminar on Services for Delegations," press release [unnumbered], issued Feb. 25, 2000, found at Internet address <http://www.wto.org/wto/new/servsem.htm>, retrieved May 25, 2000; and WTO, "Report of the Special Session of the Council for Trade in Services to the General Council," S/CSS/3, Nov. 24, 2000.

¹¹ The delegates held a review session March 28-30, 2001, to examine the approximately 70 negotiating proposals submitted so far during the services negotiations. At the conclusion of the session, members adopted guidelines and procedures for the negotiations on trade in services. WTO, "WTO Services Talks Press Ahead," press release 217, Apr. 2, 2001, found at Internet address http://www.wto.org/english/news_e/pres01_e/pr217_e.htm, retrieved Apr. 26, 2001.

¹² WTO, "Statement by the Chairman of the Council for Trade in Services to the General Council - 10 October 2000," S/CSS/2, Nov. 22, 2000.

¹³ Similar proposals were submitted by several delegations, notably representatives of Australia, Singapore, and the *Mercado Comùn del Sur* (Mercosur).

¹⁴ WTO, "Subject: Council for Trade in Services - Special Session," WTO/AIR/1455, Nov. 24, 2000.

agriculture and services in part because some members consider that the mandated reviews required under the Uruguay Round Agreements should address the impact of the agreements on the trade and development prospects of developing countries. Such members are keen to discuss in particular their concerns regarding terms of the TRIPs Agreement and the impact of intellectual property issues on developing country economies before proceeding to further negotiations on such issues.¹⁵

In November 2000, the TRIPs Council informally discussed the possible extension of the additional protection of geographical indications to products beyond wine and spirits. Although no consensus was reached, discussions pointed to the likely need for a new round of trade negotiations to encompass additional products beyond those already negotiated in the Uruguay Round Agreements.¹⁶

Post-Seattle Discussions of Implementation Issues

At the WTO General Council meeting in February 2000, delegates continued to debate four areas under discussion in the run-up to and following the Seattle conference that were aimed at “confidence building” measures directed toward developing and least developed country members: (1) market-access measures in favor of least developed countries, (2) improving WTO trade-related technical assistance and capacity building efforts for developing country members, (3) various implementation issues, and (4) improving WTO transparency and effective member participation.¹⁷

Least Developed Countries

In May 2000, following pre- and post-Seattle discussions, a number of major traders agreed to improve market access for least developed countries (LDCs) by granting both tariff- and quota-free access for essentially all LDC products. Each participant will autonomously implement this market-access initiative, consistent with domestic and international requirements regarding each one’s respective preferential framework—such as the U.S. Generalized System of Preferences or the EU Lomé Convention. The 13 countries participating in this LDC market-access initiative include the quadrilateral or “quad” members—Canada, the EU, Japan, and the United States—as well as Chile, the Czech Republic, Hungary, Iceland, Korea, New Zealand, Norway, Slovenia, and Switzerland.¹⁸

¹⁵ WTO, “Intellectual Property Council Debates Call to Expand Geographical Indications Protection,” [unnumbered], [undated], found at Internet address http://www.wto.org/english/news_e/news00_e/trips_e.htm, retrieved Mar. 20, 2001.

¹⁶ U.S. Department of State telegram, “Draft Reporting Cable on November 27-30, 2000 TRIPs Council Meeting,” message reference No. 006819, prepared by U.S. Mission, Geneva, Dec. 14, 2000.

¹⁷ WTO, “General Council Sets Dates for Negotiations, Services Council and Agriculture Committee to Meet in Special Sessions,” press release [unnumbered], issued Feb. 8, 2000, found at Internet address http://www.wto.org/wto/new/gc_feb00.htm, retrieved Feb. 10, 2000.

¹⁸ WTO, “Measures in Favour of Least-Developed Countries - Director-General’s Report on Consultations,” May 3, 2000.

Technical Assistance

Rather than a single topic, discussions regarding WTO technical assistance touch on multiple elements that frequently overlap as arrangements evolve. The Integrated Framework for Trade-Related Technical Assistance (IF) is one primary focus that is targeted at LDCs' trade-related technical infrastructure, and involves other international organizations and national agencies in addition to the WTO. A second major focus has been the WTO Global Trust Fund and the concomitant discussion of regular funding for WTO technical assistance activities through the WTO budget.

The IF is sponsored by six international organizations significantly involved in such technical assistance programs:

- the International Monetary Fund (IMF),
- the International Trade Centre (ITC),
- the United Nations Conference on Trade and Development (UNCTAD),
- the United Nations Development Programme (UNDP),
- the World Bank, and
- the World Trade Organization (WTO).

A major aim of the IF approach is to improve the coordination of multilateral trade assistance channeled through these agencies, as well as assistance provided in conjunction with national donors.

Efforts under the IF have been directed toward improving coordination of multilateral trade assistance through these core agencies, as well as in conjunction with national donors.¹⁹

IF review

In July 2000, the heads of these core agencies met in New York City to review the IF's operation to date. Their review concluded that IF trade-related technical assistance would be more effective if it were incorporated more regularly (dubbed mainstreaming) into LDCs' individual national development plans, and merged directly into national poverty reduction strategies currently in use by several of these agencies. At the review, the World Bank was charged with leading this mainstreaming effort to fold trade-related technical assistance and capacity-building projects into World Bank Poverty Reduction Strategy Papers, the United Nations Development Assistance Framework, and similar efforts.

The agency heads agreed to establish a steering committee composed of the core agency heads, national donors, and LDC representatives. The WTO Secretariat is to

¹⁹ Better coordination of global economic policymaking, often termed "greater coherence," is a similar but not identical issue that involves a number of these core agencies—primarily the Bretton Woods institutions of the IMF, World Bank, and WTO.

chair the Inter-Agency Working Group that coordinates the IF. The working group will report to the steering committee. The Administrative Unit of the UNCTAD/WTO International Trade Centre in Geneva, which handles day-to-day operations of the IF, will become part of the WTO Secretariat, with staff seconded on a voluntary basis.

Finally, the agency heads agreed to establish the Integrated Framework Trust Fund (ITFF) to carry out the IF's work, and to seek voluntary donor contributions of \$20 million over the 3-year period 2001-2003. The ITFF will be administered by the UNDP and funds will go to finance the four specific areas cited below. The agency heads also acknowledged the interest expressed by other developing countries in the IF process, and agreed to consider in 2 years (by approximately July 2002) the possibility of expanding the IF to encompass developing countries more broadly.²⁰ ITFF funds will target trade-related technical assistance involving:

- the formulation of trade-integration strategies by the LDCs, to be incorporated into their individual poverty reduction strategy papers;
- the design and preparation of capacity-building projects that are designated as priorities in poverty reduction strategy papers;
- regional projects outside the scope of the World Bank Consultative Group/UNDP Roundtable process; and
- a limited number of urgent capacity-building projects that the strategy papers or Consultative Group/Roundtable process do not cover.

WTO technical assistance contributions

In recent years, the regular WTO budget for technical cooperation and training activities has been supplemented by additional funds contributed by some WTO Members, which have been placed into a trust fund administered by the WTO.²¹ During 2000, a number of countries made contributions to this WTO technical assistance fund. Compared to 1999 contributions totaling roughly \$1.5 million, contributions during calendar 2000 reached nearly \$8 million, the bulk of which followed the July 2000 announcement of ITFF efforts to raise \$20 million for funding WTO technical assistance efforts during 2001-2003.²²

²⁰ WTO, "Joint Statement on the Mandated Review of the Integrated Framework for Trade-related Technical Assistance to Least-Developed Countries (IF) by the Six Core Agencies (IMF, ITC, UNCTAD, UNDP, World Bank, and WTO)," New York, July 6, 2000, found at Internet address http://www.wto.org/english/news_e/news00_e/ifstat_e.htm, retrieved Sept. 8, 2000; and WTO, "Heads of International Agencies Agree to New Approach on Trade-Related Technical Assistance for Least-Developed Countries," press release 185, July 6, 2000, found at Internet address http://www.wto.org/english/news_e/pres00_e/pr185_e.htm, retrieved Sept. 8, 2000.

²¹ The fund has been variously named the WTO Trust Fund for Technical Cooperation and Training, Global Trust Fund for WTO Technical Cooperation, and most recently restructured in July 2000 into the Integrated Framework Trust Fund (ITFF).

²² Information compiled by USITC staff from WTO press releases during 2000. See press release 162, 164, 168, 186, 188, 192, 196, 201, and 204 found at Internet address http://www.wto.org/english/news_e/pres00_e/pres00_e.htm, retrieved Feb. 10, 2000.

Implementation

Although WTO Members were able to launch the mandated agriculture and services negotiations at the February 2000 meeting of the WTO General Council, as well as begin discussions later concerning the mandated negotiations regarding geographical indications, members were unsuccessful in resolving implementation issues that have in part put a damper on initiating a new round of multilateral trade negotiations.

One set of implementation issues involves the failure of many developing countries to implement certain WTO obligations by the January 1, 2000 deadline set under the Uruguay Round Agreements. These implementation issues involve transition period deadlines for WTO agreements on customs valuation, investment measures, intellectual property, and subsidies. A number of members—largely developing country members—would like these transition deadlines extended on a “multilateral” basis, that is, a blanket extension without the need for further concessions to secure an extension. A number of other members—typically developed country members such as the EU, Japan, and the United States—seek a case-by-case approach to granting these extensions.

A second set of implementation issues involves the overall implementation of the Uruguay Round Agreements. A number of developing countries have resisted starting new trade negotiations (other than the mandated negotiations) until the trade benefits that these developing countries expected to flow from signing the Uruguay Round Agreements are more forthcoming. These countries consider that a number of WTO agreements—including those on agriculture, sanitary measures, technical standards, textiles, and services—are written and implemented in a manner that favors the developed country members and deny developing country members the special and differential treatment to which they are entitled under GATT rules.

May decision on an implementation review mechanism

By May 2000, WTO Members had agreed to an implementation review mechanism that would address outstanding implementation issues and concerns, particularly those raised during the preparations for the Third Ministerial Conference held in Seattle. The WTO General Council decision of May 3, 2000 directed the council to meet in special sessions to assess the existing difficulties and identify ways to resolve them in a timely manner. Regarding the Agreement on Customs Valuation, requests for extensions regarding that agreement’s transition period were already under review in the Committee on Customs Valuation in May. Regarding the Agreement on Trade-Related Investment Measures (TRIMs Agreement), the WTO General Council directed the Council for Trade in Goods at the May meeting “to give positive consideration to individual requests presented in accordance with Article 5.3 by developing countries for extension of transition periods for implementation of the TRIMs Agreement.”²³

²³WTO, “Implementation and Transition Periods - Chairman’s Remarks,” May 3, 2000. Under the TRIMs Agreement (Article 5 - Notification and Transitional Arrangements), members were to notify the

At the First Special Session on Implementation Issues in June 2000, the WTO General Council agreed on a work program addressing these implementation issues. In 2000, the council held special session meetings on implementation in May, June, October, and December.

December decision on implementation-related issues

In December 2000, the members adopted a WTO General Council decision on implementation issues.²⁴ The decision addressed current implementation issues as well as future steps for the committees carrying out the WTO agreements involving agriculture, sanitary and phytosanitary measures, technical barriers to trade, customs valuation, rules of origin, and subsidies and countervailing measures. The December council decision adopted provisions regarding the following agreements:

- **Agreement on Agriculture.** Members decided that tariff-rate quotas (TRQs) are to be administered in a transparent, equitable and nondiscriminatory manner, meaning that members' notifications will need to contain information on TRQs. The committee is also to examine the Uruguay Round decision concerning possible negative effects of agricultural reform on the least developed and net food-importing developing countries.
- **Agreement on the Application of Sanitary and Phytosanitary Measures.** The WTO Director-General will urge international standards organizations to ensure the increased participation of developing countries in their work on such measures regarding agricultural standards.
- **Agreement on Technical Barriers to Trade.** The WTO Director-General will urge international standards organizations to ensure the increased participation of developing countries in their work on such measures regarding industrial standards.
- **Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (Customs Valuation Agreement).** The committee is encouraged to continue its consideration of individual requests for extension of the 5-year delay period (Article 20.1).
- **Agreement on Rules of Origin.** Members are to expedite their work remaining on the harmonization of nonpreferential rules of origin, aiming for completion by the Fourth Ministerial Conference near the end of 2001.

²³—Continued

WTO Council for Trade in Goods of their trade-related investment measures that did not conform with the agreement within 90 days of the date of entry into force of the WTO Agreement, that is, by April 1, 1995. Members were then to eliminate these notified TRIMs within particular transition periods from the Jan. 1, 1995 establishment of the WTO. The transition period for developed country members was within 2 years (by 1997), developing country members within 5 years (by 2000), and least developed country members within 7 years (by 2002).

²⁴ WTO, General Council, "Implementation — Related Issues and Concerns – Decision of 15 December 2000," WT/L/384, Dec. 19, 2000, found at Internet address http://www.wto.org/english/news_e/news00_e/gc_finaldecision_15dec00_e.htm, retrieved Feb. 22, 2001; and U.S. Department of State telegram, "December 2000 WTO Special Sessions on Implementation," message reference No. 000683, prepared by U.S. Mission, Geneva, Feb. 16, 2000.

- ***Agreement on Subsidies and Countervailing Measures.*** The committee will rectify the omission of Honduras from the list of poorest developing country members (under \$1000 per capita GNP) found in Annex VII(b) of the agreement. The annex exempts the listed countries from otherwise prohibited subsidies based on export performance or use of domestic over imported goods (local content materials). The committee is also to examine possible extension of the 2-year phaseout period of export subsidies used by developing country members to attain export competitiveness. In addition, the committee will examine the particular needs of developing country members regarding the issue of import duty remissions and inputs consumed in the production process.

The December 2000 decision aims to complete its work on implementation by the WTO Fourth Ministerial Conference near the end of 2001.²⁵

TRIMs implementation issues

The May 2000 WTO General Council provided a separate mandate regarding transition period issues related to the TRIMs Agreement. Following intensive consultations, the chair of the WTO Council on Trade in Goods developed elements of an approach that might account for a number of viewpoints but was unlikely to apply this approach to the nine requests received for an extension of the TRIMs Agreement deadline given in Article 5.3. In December, the chair announced that further work would be necessary before reaching a conclusion. Major issues remaining to be resolved concerned governments that had not yet notified to the WTO any trade-related investment measures that were inconsistent with the WTO Agreement (as required by April 1995) or those that had not yet requested an extension of the transition period deadline under Article 5.3.²⁶

TRIPs implementation issues

No consensus on implementation issues concerning the TRIPs Agreement had been forged by the end of 2000. Developing countries have been highly sensitive to discussion of issues regarding the TRIPs Agreement transition period in particular and, more broadly, to the overall implementation of the TRIPs Agreement. As a consequence, TRIPs implementation is likely to require further consultations on how to proceed.

Transparency

The issue of transparency includes issues of both internal and external transparency—the former concerning decisionmaking within the WTO, the latter

²⁵ U.S. Department of State telegram, "February 8-9 Meeting of the General Council," message reference No. 000682, prepared by U.S. Mission, Geneva, Feb. 16, 2001.

²⁶ WTO, "General Council - Special Session, 15 December 2000 - Report on Consultations on Request for Extensions of the TRIMs Transition Periods," Dec. 15, 2000, found at Internet address http://www.wto.org/english/news_e/news00_e/gc_castillostat_e.htm, retrieved Feb. 22, 2001.

concerning relations between the WTO and outside groups. In February 2000, shortly after the Seattle conference, a number of delegates agreed that there were valid complaints about the internal transparency of the WTO's decisionmaking process—in particular, the Green Room process that appeared to limit the opportunity for multiple countries to participate in smaller group consultations at the conference.

In March 2000, the United States floated several suggestions concerning both external and internal transparency in WTO operations. To increase external transparency, the United States proposed further derestriction of WTO documents, such as meeting minutes, and making public release of dispute-settlement reports more timely. The United States also suggested opening WTO General Council and committee meetings to nongovernmental organizations (NGOs) that already participate in plenary sessions at WTO meetings. The U.S. proposal did not include previous suggestions to allow NGOs to file "friend-of-the-court" (*amicus*) briefs with WTO dispute-settlement panels. To increase internal transparency, the United States recommended more frequent consultations between members and the WTO Director-General and WTO General Council chair, as well as more frequent informal WTO General Council sessions. Other suggestions included video conference sessions with officials in their capitals and briefings to update smaller delegations.

By May 2000, most delegations considered that the internal WTO decisionmaking process was functioning better since the Seattle conference, with adequate informal meetings, small group consultations, followup meetings, and so on.²⁷ Certain developing countries—Mexico and the Philippines in particular—have come to support efforts to improve internal WTO transparency (such as more transparent WTO decisionmaking) but not efforts to expand external WTO transparency (such as greater NGO liaison with the WTO). Developed countries seeking greater external transparency—Canada, Japan, and the United States, among others—have responded that issues of external transparency need to be addressed as well as issues of internal transparency.

Selected WTO Activities

Work Programs

The WTO First Ministerial Conference in December 1996 in Singapore set up a number of working groups to explore topics with growing significance regarding international trade. At Singapore in 1996, a number of working groups were established to examine the interrelationship between trade and (1) competition policy, (2) investment, and (3) transparency in government procurement. Delegates also agreed at Singapore to examine how to simplify trade procedures, known as "trade facilitation." Lastly, a number of delegates at Singapore concluded an Information

²⁷ U.S. Department of State telegram, "General Council Formals on May 3 and 8, 2000," message reference No. 003594, prepared by U.S. Mission, Geneva, May 31, 2000.

Technology Agreement (described in an upcoming section). At Geneva in 1998, delegates adopted as part of the WTO work program for trade-related issues, the subject of global electronic commerce (e-commerce).²⁸ Exploration in these groups continued during 2000, based on principles and a work agenda established in previous years.

Trade facilitation

In 2000, the Council for Trade in Goods held three informal meetings regarding trade facilitation. It received written contributions from delegates and heard from outside organizations, including the International Maritime Organization, International Trade Centre, United Nations Economic Commission for Europe, United Nations Conference on Trade and Development, and World Customs Organization. Members discussed national experiences and best practices with various trade facilitation measures, such as the principles of transparency and simplification. Some underscored that technical assistance—both bilateral and multilateral—was often addressed only to specific aspects of trade facilitation and was not coordinated sufficiently to optimize the limited resources available to developing country members.²⁹

Information technology

In 2000, the Committee of Participants on the Expansion of Trade in Information Technology Products continued its work overseeing the 1996 Information Technology Agreement. In October 2000, the participants agreed to a Non-Tariff Measures Work Programme and, in November, the committee began work compiling an inventory of nontariff barriers to information technology (IT) products as part of phase I of the work program. In addition, the committee held discussions with customs experts on classification differences regarding IT products. The participants agreed to continue discussions of such classification divergences.³⁰

By February 2001, the Information Technology Agreement had 40 participants, encompassing 55 separate States, which together account for over 93 percent of world trade in technology products. The participants were: Albania, Australia, Canada, Chinese Taipei, Costa Rica, Croatia, Cyprus, Czech Republic, El Salvador, Estonia, European Communities, Georgia, Hong Kong, Iceland, India, Indonesia,

²⁸ Given the compelling focus on implementation of already existing agreements at the WTO Third Ministerial Conference in December 1999 in Seattle, delegates did not adopt any further items for examination under the WTO work program.

²⁹ WTO, Council for Trade in Goods, "Chairman's Progress Report (2000) on Trade Facilitation," G/L/425, Dec. 5 2000, found at Internet address http://docsonline.wto.org/gen_search.asp, retrieved Mar. 1, 2001.

³⁰ WTO, "Report (2000) of the Committee of Participants on the Expansion of Trade in Information Technology Products," G/L/420, Dec. 4, 2000, found at Internet address http://docsonline.wto.org/gen_search.asp, retrieved Mar. 1, 2001.

Israel, Japan, Jordan, Korea, Kyrgyz Republic, Latvia, Lithuania, Macau, Malaysia, Mauritius, New Zealand, Norway, Oman, Panama, Philippines, Poland, Romania, Singapore, Slovak Republic, Slovenia, Switzerland, Thailand, Turkey, and the United States.

Electronic commerce

In 2000, although discussion continued in all the subsidiary councils and bodies on the work program addressing electronic commerce, the TRIPs Council took the lead role due to the complexity and overlap of the subject with intellectual property issues. The current focus is on cross-cutting or cross-sectoral matters, such as whether goods delivered via electronic commerce should be considered goods or services, or classified by some alternative scheme. Discussions in the TRIPs Council during 2000 touched on jurisdiction, applicable law, electronic contracts, enforcement, and classification of intellectual property products as areas likely to involve cross-sectoral issues. Members did not seek to classify these areas into categories such as goods, services, or intellectual property. However, the TRIPs Council pointed out again that much of the relevant work regarding cross-sectoral and cross-cutting issues of goods, services, and intellectual property classification under electronic commerce is being done in the World Intellectual Property Organization and will bear close scrutiny.³¹

Dispute Settlement

The WTO website provides a timely source for the status of past and pending dispute cases and case decisions under the title "Overview of the State-of-play of WTO Disputes." It may be found at Internet address http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm.

Panel reports

In 2000, WTO dispute panels issued 15 reports covering 14 distinct issues. During the year, another 12 panels were established by the Dispute Settlement Body (DSB) on roughly 11 separate matters. As major traders frequently involved in WTO dispute settlement, the United States was cited as complainant in 3 and respondent in 6 of the 15 panel reports issued, whereas the EU was a complainant in 6 and a respondent in 2 of these 15 panel reports. Canada and Korea were each cited 3 times as respondents in these 15 cases. Of the 12 newly established panels, the United States is complainant in 2 and respondent in 5, whereas the EU is complainant in 4 and respondent in none. Argentina and India were each cited two times as respondents in these new panels, although the two cases involving India both concerned various trade and investment measures in the automobile sector. The new U.S. complaints in 2000 focused on trade and investment measures in the motor vehicle industry in both India and the Philippines.

³¹ WTO, Council for Trade-Related Aspects of Intellectual Property Rights, "Work Programme on Electronic Commerce - Progress Report by the Chairman to the General Council," IP/C/20, Dec. 4, 2000, found at Internet address http://docsonline.wto.org/gen_search.asp, retrieved Mar. 1, 2001.

The new panels established in 2000 with the United States as respondent focused largely on U.S. antidumping and safeguard measures against steel products, carbon pipe, and cotton yarn from Asia, as well as U.S. treatment of export restraints and U.S. legislation.

Appeals

During the year, twelve appeals reports were adopted, although four were settled before the complete appeals process concluded. The United States brought two and responded in five of the cases that adopted Appellate Body reports. In the former two cases, the United States appealed the panel decisions regarding Canada's Term of Patent Protection as well as Korea's Measures Affecting Government Procurement.³² In the latter five cases, all brought by the EU, the United States responded in cases involving U.S. laws concerning section 301 of the U.S. Trade Act of 1974, U.S. tax treatment for "Foreign Sales Corporations," section 110(5) of the U.S. Copyright Act, the U.S. Antidumping Act of 1916, as well as a case involving countervailing duties levied on certain hot-rolled and bismuth carbon steel products from the United Kingdom.

The only active U.S. appeals case from 2000 that continued beyond the Appellate Body report involves U.S. tax treatment for "Foreign Sales Corporations." In late December 2000, a surveillance panel was established at the request of the EU to rule on whether the United States had complied with panel and Appellate Body reports adopted on March 20, 2000.³³

Arbitration

WTO Members have increasingly challenged panel reports in recent years and the number of arbitration panels in the dispute-settlement process appears to be increasing. During the year, the scope of panel disputes also widened. Members challenged not only the appropriate implementation period for panel recommendations but also the amount of compensation for failure to implement recommendations.

³² For more information on these disputes, see the chapter 4 sections on Canada and Korea.

³³ For more information on this dispute, see the chapter 4 section on the EU. In addition to appeals involving the United States that concluded in 2000, the Appellate Body circulated in late December 2000 other reports involving the United States that did not conclude by year's end, but were adopted in January 2001. One was brought by the United States against Korean Measures Affecting Imports of Fresh, Chilled, and Frozen Beef; two others were brought by the EU against U.S. Import Measures on Certain Products from the European Communities, and against U.S. Definitive Safeguard Measures on Imports of Wheat Gluten from the EU. Several panel reports involving the United States were also circulated late in December 2000, one regarding Safeguard Measures on Imports of Fresh, Chilled, and Frozen Lamb from New Zealand, and another on Antidumping Measures on Stainless Steel Plate in Coils, Sheet, and Strip from Korea. In January 2001, the United States notified its intention to appeal the lamb meat case, whereas the panel report in the steel case was adopted in February 2001. See WTO, "Overview of the State-of-play of WTO Disputes," Mar. 23, 2001, found at Internet address http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm, retrieved May 8, 2001.

Retaliation

During the year, only one case, which did not involve the United States, reached the retaliation stage. In May, Canada requested the right to withdraw concessions (retaliation) against Brazil for failure to implement WTO dispute-settlement recommendations in the case of Brazil's Export Financing Programme for Aircraft. In late August 2000, the case proceeded to an arbitration panel to fix the amount of permissible retaliation.

Membership

Accessions

In 2000, five new members acceded to the WTO—Albania, Croatia, Georgia, Jordan, and Oman—bringing total WTO membership to 140. Another 32 states were in various stages of accession at the end of 2000. The Federal Republic of Yugoslavia (also known as Serbia and Montenegro) is also in discussions with the WTO General Council to begin the accession process. There are seven intergovernmental observers to the WTO General Council (although other WTO councils may include observers as well): the United Nations Food and Agricultural Organization, International Monetary Fund, World Bank, Organization for Economic Cooperation and Development, United Nations, United Nations Conference on Trade and Development, and World Intellectual Property Organization. Table 2-1 lists WTO membership in 2000. Table 2-2 lists countries in the process of accession in 2000, that is, with established WTO accession working parties.

Plurilateral Agreements

In addition to the multilateral trade agreements that are binding on all WTO Members, two plurilateral trade agreements administered under the WTO framework provide additional rights and obligations to those that are signatories. One is the Agreement on Government Procurement, the other the Agreement on Trade in Civil Aircraft. Table 2-3 lists signatories to WTO Plurilateral Trade Agreements in 2000.

Table 2-1
WTO membership in 2000

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

Source: WTO, "Members and Observers," found at Internet address
http://www.wto.org/english/thewto_e/whatis_e/tif_e/orgo_e.htm, retrieved Feb. 27, 2001.

Table 2-2
WTO observers in the process of accession in 2000

Algeria	Chinese Taipei	Saudi Arabia
Andorra	Ethiopia	Seychelles
Armenia	Kazakstan	Sudan
Azerbaijan	Laos, PDR	Tonga
Bahamas	Lebanon	Ukraine
Belarus	Lithuania	Uzbekistan
Bhutan	Macedonia, FYROM	Vanuatu
Bosnia and Herzegovina	Moldova	Vatican (Holy See)
Cambodia	Nepal	Vietnam
Cape Verde	Russia	Yemen
China, People's Republic	Samoa	

Note.—With the exception of the Holy See, observers must start accession negotiations within 5 years of becoming observers.

Source: WTO, "Members and Observers," found at Internet address

http://www.wto.org/english/thewto_e/whatis_e/tif_e/orgo_e.htm, retrieved Feb. 27, 2001.

Table 2-3
Membership in the WTO plurilateral agreements in 2000

Agreement on Government Procurement

Aruba	France
Canada	Germany
Hong Kong	Greece
Iceland	Ireland
Israel	Italy
Japan	Luxembourg
Korea	Netherlands
Liechtenstein	Portugal
Norway	Spain
Singapore	Sweden
Switzerland	United Kingdom
United States	Bulgaria*
European Communities	Estonia*
Austria	Jordan*
Belgium	Kyrgyz Republic*
Denmark	Latvia*
Finland	Panama*

Agreement on Trade in Civil Aircraft

Bulgaria	Romania	Greece
Canada	Switzerland	Ireland
Egypt	United States	Italy
Georgia	European Communities	Luxembourg
Japan	Austria	Netherlands
Latvia	Belgium	Portugal
Macau	Denmark	Spain
Malta**	France	Sweden
Norway	Germany	United Kingdom

Note.—*Observers in the process of accession to the Agreement on Government Procurement. **The Agreement on Trade in Civil Aircraft entered into force for Malta on Jan. 17, 2001.

Source: WTO, "Government Procurement: the Plurilateral Agreement - Committee on Government Procurement," found at Internet address

http://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm, retrieved Feb. 27, 2001; WTO, *Report (2000) of the Committee on Trade in Civil Aircraft*, WT/L/374, Nov. 21, 2000; "Agreement on Trade in Civil Aircraft - Done at Geneva on 12 April 1979 - As Subsequently Modified, Rectified or Amended - Notification of Acceptance," letter from the Government of Malta, Reference: WLI/100, Dec. 20, 2000, found at Internet address

http://www.wto.org/http://www.wto.org/english/docs_e/docs_e.htm, retrieved Feb. 27, 2001.

The WTO Agreement on Government Procurement entered into force on January 1, 1996. In 2000, its membership of 28 remained unchanged. It is composed of 12 signatories, plus each of the 15 EU member states and the Commission for the European Communities. At the end of 2000, signatories to the agreement were: Aruba, Canada, Hong Kong China, Iceland, Israel, Japan, Korea, Liechtenstein, Norway, Singapore, Switzerland, and the United States.³⁴ There are an additional 22 observers in the Committee on Government Procurement, six of which are in various stages of accession to the agreement: Bulgaria, Estonia, Jordan, the Kyrgyz Republic, Latvia, and Panama.

The GATT Agreement on Trade in Civil Aircraft entered into force on January 1, 1980. In 2000, Georgia and Malta became signatories to the agreement, bringing its membership to 27.³⁵ At the end of 2000, members were Bulgaria, Canada, Egypt, Georgia, Japan, Latvia, Macau, Malta, Norway, Romania, Switzerland, and the United States, as well as the European Communities, plus 14 of its 15 member states (excluding Finland). There are an additional 29 observers in the Committee on Trade in Civil Aircraft, 4 of which are non-WTO members: China, Chinese Taipei, Russia, and Saudi Arabia.

The agreement eliminates and binds at zero all customs duties and other charges on imports of civil aircraft products and repairs, protects the right of free selection of civil aircraft suppliers based solely on commercial and technical factors, and regulates participation in civil aircraft programs. Signatories have so far been unsuccessful in transferring the balance of rights and obligations under the 1980 GATT Agreement on Trade in Civil Aircraft to an official, legal version of a WTO Agreement on Trade in Civil Aircraft. On April 29, 1999, the chair circulated a draft "Protocol Rectifying the Agreement on Trade in Civil Aircraft," which signatories discussed in 2000 and agreed to consider further.

Organization for Economic Cooperation and Development

The Organization for Economic Cooperation and Development (OECD) provides a forum in which the world's industrialized countries can discuss common approaches to social as well as economic issues that they confront. Under the OECD work program, multi-year examinations allow OECD members to reach consensus on policy approaches to economic issues that might then move to negotiations in broader fora—such as the WTO, the World Intellectual Property Organization, or elsewhere—to develop multilateral rules.

³⁴ WTO, *Report (2000) of the Committee on Government Procurement*, GPA/44, Nov. 2, 2000.

³⁵ WTO, *Report (2000) of the Committee on Trade in Civil Aircraft*, WT/L/374, Nov. 21, 2000; and WTO, "Agreement on Trade in Civil Aircraft - Done at Geneva on 12 April 1979 - As Subsequently Modified, Rectified or Amended - Notification of Acceptance," letter from the Government of Malta, Reference: WLI/100, Dec. 20, 2000. The Agreement entered into force for Malta on Jan. 17, 2001.

During 2000, the OECD finished accession negotiations with its 30th member state, the Slovak Republic, and revised the Guidelines for Multinational Enterprises, part of the instruments governing international capital flows carried out through direct investment under the 1976 Declaration on International Investment and Multinational Enterprises.

Accessions

Membership increased toward the end of the 1990s after remaining stable at 24 members for a long period. In 1994, Mexico joined, followed in 1995 by the Czech Republic and in 1996 by Korea, Hungary, and Poland. In 2000, membership increased to 30 when the Slovak Republic acceded to the organization on December 14.³⁶ In addition, Argentina and Russia have formally applied for membership. Table 2-4 lists OECD members in 2000.

Table 2-4
OECD membership in 2000

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

Source: OECD, "Membership," found at Internet address <http://www.oecd.org/about/general/member-countries.htm>, retrieved Feb. 27, 2001.

Guidelines for Multinational Enterprises

In March 2000, OECD members and several nonmembers adopted a revised set of Guidelines for Multinational Enterprises. The OECD Guidelines are nonbinding recommendations regarding responsible business conduct for multinational businesses operating from or in any of the 33 signatory countries. The signatories to the March 2000 Guidelines include the then-29 OECD member countries, as well as Argentina, Brazil, Chile, and Slovakia, the latter becoming an OECD member in December 2000.³⁷

The Guidelines are part of the 1976 OECD Declaration on International Investment and Multinational Enterprises, and have been revised several times since. The

³⁶ OECD, "Slovakia Becomes OECD's 30th Member, OECD Secretary-General Renewed for Second Term," news release, Paris, Dec. 14, 2000, found at Internet address <http://www.oecd.org/media/release/nw00-99.htm>, retrieved Mar. 1, 2001.

³⁷ OECD, "New OECD Guidelines for Multinational Enterprises Reinforce Framework for the Global Economy," news release, Paris, Mar. 1, 2000, found at Internet address <http://www.oecd.org/media/release/nw00-68a.htm>, retrieved Mar. 1, 2001.

Declaration provides a framework for international investment that clarifies the rights and responsibilities of businesses. It seeks to facilitate direct investment by fostering an environment of mutual confidence between multinational enterprises (MNEs) and the societies in their investment hosts. The Declaration aims at:

- providing national treatment to foreign-owned enterprises;
- promoting cooperation among governments about international investment incentives and disincentives; and
- minimizing the imposition of conflicting requirements on MNEs by different governments.³⁸

The revised guidelines address principles and general policies; disclosure of information regarding activities, structure, financial situation and performance; employment and industrial relations; the environment considering relevant international agreements, principles, objectives, and standards; combating bribery; consumer interests; and issues of science and technology, competition, and taxation.³⁹

Trade and Core Labor Standards

In 2000, the OECD approved a report entitled "International Trade and Core Labour Standards,"⁴⁰ an update of a 1996 report entitled "Trade, Employment and Labour Standards: A Study of Core Workers' Rights and International Trade." The 1996 report examined the relationship between core labor standards, trade, and economic development, and concluded that trade liberalization and core labor standards were mutually reinforcing, refuting the view that adherence to labor standards affects economic performance negatively. The five core labor standards examined in the 1996 report were: (1) freedom of association, (2) right to collective bargaining, (3) nondiscrimination in employment, (4) elimination of exploitative forms of child labor, and (5) prohibition of forced labor.

The 2000 report sought to update the 1996 report due to wide-ranging developments since 1996 at the national and international levels that bear on the question of trade, employment, and core labor standards. The report shows that important principles

³⁸ OECD, "OECD Guidelines for Multinational Enterprises - Frequently Asked Questions," Paris, Mar. 1, 2000, found at Internet address <http://www.oecd.org/daf/investment/guidelines/faq.htm>, retrieved Mar. 1, 2001.

³⁹ OECD, "The OECD Guidelines for Multinational Enterprises," Paris, Mar. 1, 2000, found at Internet address <http://www.oecd.org/daf/investment/guidelines/mnetext.htm>, retrieved Mar. 1, 2001. In addition to the regular updates of the 1976 Declaration, the OECD also has sought to improve the international policy framework for international economics and business through agreements such as the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, OECD Principles of Corporate Governance, OECD Guidelines for Consumer Protection in the Context of Electronic Commerce, and ongoing work on the OECD Guidelines on Transfer Pricing for Multinational Enterprises and Tax Administrations.

⁴⁰ OECD, Trade Directorate and Directorate for Education, Employment, Labour and Social Affairs, *International Trade and Core Labour Standards*, COM/TD/TC/DELSA/ELSA(2000)4/FINAL, Sept. 20, 2000.

remain valid, but also cautions for careful interpretation due to the complex interplay of trade, employment, and labor standards. The 2000 review updated recommendations regarding standards that were missing from the 1996 text, in particular regarding prohibition of exploitative child labor and forced labor. Some tentative conclusions find that countries that strengthen their core labor standards can increase economic efficiency by raising skill levels in the work force and by creating an environment that encourages innovation and higher productivity. However, the report also suggests that in very poor countries a ban on child labor might worsen the condition of households. Moreover, a ban on the import of goods that use child labor as an input might drive child labor out of export industries, but is likely to do little to prevent child labor in the informal sector, which is the major employer of child workers in such countries.

Regulatory Reform Work Continues

OECD work on regulatory reform also advanced in 2000, based on a framework of country reviews adopted in 1998 to assess progress on regulatory reform generally and in specific sectors, such as electricity and telecommunications. The first set of reviews was launched in 1998, and continued in 2000 with examinations of the Czech Republic, Greece, Ireland, and Italy. A particular focus in 2000 was regulatory transparency for trade in services.

CHAPTER 3

Regional Trade Activities

Regional trade activities were an important component of U.S. trade policy during 2000. The United States participated in activities related to the North American Free Trade Agreement (NAFTA), ongoing discussions to negotiate the Free Trade Area of the Americas (FTAA), and the Asia Pacific Economic Cooperation (APEC) forum.

North American Free Trade Agreement

The North American Free Trade Agreement among the governments of Mexico, Canada, and the United States was implemented January 1, 1994. It contains 22 chapters and 10 annexes, as well as two trilateral side-agreements on environmental and labor issues and two bilateral side-agreements between Mexico and the United States on these two subjects.

The third round of accelerated tariff eliminations was completed in 2000 and the negotiated tariff eliminations were implemented January 1, 2001.¹ The original schedule for NAFTA tariff reductions will be completed by 2008. However, negotiations for accelerated tariff eliminations are provided for under Article 302(3) of the NAFTA. All tariffs covered between the United States and Canada under the U.S.-Canada Free Trade Agreement were eliminated by January 1, 1998. Bilateral negotiations for NAFTA accelerated tariff eliminations take place between Mexico and the United States, and between Mexico and Canada. The first and second rounds of accelerated tariff eliminations were implemented on July 1, 1997 and August 1, 1998, respectively.

Article 303 of the NAFTA came into force on January 1, 2001. Article 303 eliminates duty-drawback in U.S.-Mexico trade. The higher of the U.S. or Mexican rate of duty must be paid on components or materials that are not of North American origin and are imported into Mexico for the purpose of manufacturing articles that are exported to the United States or Canada. Under Article 303, Mexico's imported non-NAFTA inputs used in the manufacture of goods exported to the United States or Canada are subject to the respective U.S. or Canadian rates of duty for non-NAFTA countries. Previously, such industrial inputs were afforded duty-free treatment under Mexico's maquiladora and PITEX programs. Such inputs are still eligible for duty-free treatment if the assembled articles are exported to markets other than the United States or Canada. To ease the burden on export-oriented assembly plants, Mexico also implemented a Sectoral Promotion Program effective January 1, 2001. Under this

¹ USTR, "NAFTA Countries Eliminate Tariffs on Nearly \$1 Billion in Trade," press release 01-10, Jan. 19, 2001.

program, the most-favored-nation rate of duty was reduced to zero or 5 percent on numerous tariff items.

U.S. Trade with NAFTA Partners

The United States trade deficit with NAFTA partners was \$107.8 billion in 2000 (table 3-1). The trade deficit increased from \$80.1 billion in 1999 and \$54.6 billion in 1998. U.S. exports to NAFTA partners rose from \$227.1 billion in 1999 to \$256 billion in 2000, an increase of \$28.9 billion. However, U.S. imports from NAFTA partners outpaced the growth in U.S. exports, increasing by \$61.5 billion from \$307.3 billion in 1999 to \$368.8 billion in 2000. Total trade flows in the NAFTA countries increased over the last 3 years from \$480.8 billion in 1998 to \$619.8 billion in 2000.

Table 3-1
U.S. trade with NAFTA partners, 1998-2000
(Billion dollars)

Year	NAFTA partner	Exports	Imports	Trade balance	Two-way trade
1998	Canada	137.8	174.7	-36.9	312.5
	Mexico	75.4	93.0	-17.6	168.4
	Canada and Mexico ..	213.1	267.7	-54.6	480.8
1999	Canada	145.7	198.2	-52.5	344.0
	Mexico	81.4	109.0	-27.6	190.4
	Canada and Mexico ..	227.1	307.3	-80.1	534.4
2000	Canada	155.6	229.1	-73.5	384.7
	Mexico	100.4	134.7	-34.3	235.2
	Canada and Mexico ..	256.0	363.8	-107.8	619.8

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

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

Canada remained the number one trading partner of the United States in 2000, both in value of exports and value of imports. The U.S. maintains a trade deficit with Canada, which has grown steadily over the last 3 years. The United States exported \$155.6 billion in goods to Canada in 2000 and imported \$229.1 billion in goods from Canada, resulting in a trade deficit of \$73.5 billion. Mexico was the second most important destination for U.S. exports in 2000. However, Mexico ranks third as a supplier of U.S. imports, following Canada and Japan. U.S. exports of goods to Mexico were \$100.4 billion in 2000, compared with U.S. imports from Mexico of \$134.7 billion, resulting in a U.S. trade deficit with Mexico of \$34.3 billion. The U.S. trade deficit with Mexico first began in 1995 during Mexico's financial crisis and has continued through 2000.

Side Agreements on Environment and Labor

The NAFTA includes two trilateral side agreements on environmental and labor issues: the North American Agreement on Environmental Cooperation (NAAEC) and the

North American Agreement on Labor Cooperation (NAALC), respectively. The United States and Mexico instituted the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NAD Bank) to ensure environmental cooperation along the 2,000 mile U.S.-Mexico border.

Citizens of the NAFTA countries may submit claims to the North American Commission for Environmental Cooperation (NACEC) if they believe a member government is not enforcing its environmental laws. Six new claims were submitted in 2000.² Two claims were submitted against the United States regarding leakage of oil from underground storage tanks in California in January 2000 and regarding the Migratory Bird Treaty Act and the Endangered Species Act in March 2000. One claim against the Government of Canada regarding logging operations was submitted in March 2000. Three claims were filed against the Government of Mexico. Two of these cases were filed in January and April 2000, and center on the Molymex company in the city of Cumpas, Mexico, for violating air pollution regulations and the Mexican General Law of Ecological Equilibrium and Environmental Protection. Another claim against the Government of Mexico was submitted in September 2000 regarding environmental law enforcement and the indigenous people of Chihuahua.

Citizens of the NAFTA countries may apply to the North American Fund for Environmental Cooperation (NAFEC) for funding for community-based research projects. NAFEC received more than 400 applications for such projects in 2000.³ Since it was established in 1995, NAFEC has provided a total of \$5.4 million in grants to 142 projects. Grants in 2000 were awarded under two categories. The grant category "Linking Bio-diversity Conservation with Green Goods and Services" awarded nine projects for a total of \$212,000. The category "Pollutants and Health - Improving Public Access to Information, Decisionmaking and Environmental Justice" included seven projects for a total of \$170,000. Eleven of the 16 funded projects were in a single NAFTA member country, three projects were bilateral, and two projects were trilateral.

The NACEC organized its first symposium in October 2000 to examine trade and environment issues. The symposium, entitled "Understanding Linkages Between Trade and Environment," was held in Washington, DC, and was attended by 300 participants from government agencies in the three member countries, nongovernmental organizations, international organizations, universities, and the media. Papers were presented under the following symposium sessions:

- trade liberalization and natural resources,
- NAFTA and pollution impacts,

² NACEC, found at Internet address <http://www.cec.org>, retrieved Feb. 14, 2001.

³ NACEC, e-mail from CECNews@lists.cec.org, received Feb. 13, 2001.

- relationships between trade liberalization and environmental policies and regulations,
- NAFTA's transportation and manufacturing impact on the environment,
- the services and public sector and the environment, and
- next steps in terms of policy responses to environment-trade links.⁴

The North American Agreement on Labor Cooperation (NAALC) provides the framework for NAFTA member countries to form National Administrative Offices (NAO) to handle labor law enforcement under the labor side-agreement of NAFTA. Any person or organization can file a labor law grievance with its NAO against another member government. The submission is reviewed by the appropriate NAO if it is found to raise relevant issues on labor laws in one of the other member countries.⁵ The three member countries have received 23 submissions since the implementation of NAFTA in 1994. Fourteen were directed against labor law enforcement in Mexico, seven against the United States, and two against Canada.⁶

Ministerial consultations were held on May 18, 2000 to discuss two labor cases filed at the U.S. NAO in 1997 and three public communications submitted to the Mexican NAO in 1998. The two cases filed with the U.S. NAO addressed labor practices at Mexican auto parts manufacturing plants. The three cases submitted to the Mexican NAO addressed U.S. labor practices regarding a solar panel manufacturing company in California, apple pickers in Washington, and Mexican workers at an egg farm in Maine. At the ministerial consultations, the U.S. Secretary of Labor and the Mexican Secretary of Labor and Social Welfare signed an action plan to address these issues effective August 2001.

One new submission was received by a NAO in 2000. The petition was submitted on July 3, 2000 to the U.S. NAO by 25 organizations in the United States, Mexico, and Canada and was accepted for review on September 1, 2000. The filers claim that the Mexican Government is not ensuring that an automotive plant complies with Mexican workplace health and safety regulations and compensation for work-related injuries. A public hearing was held in San Antonio, Texas, on December 12, 2000.⁷ Another case submitted to the U.S. NAO on November 10, 1999, was accepted for review on January 7, 2000. This case was filed by the U.S. Association of Flight Attendants and the Association of Flight Attendants of Mexico. The associations claim that the Government of Mexico is not enforcing labor laws guaranteeing the right of workers at a Mexican airline to organize and bargain collectively, and preventing occupational injuries. A public hearing was held in Washington, DC, on March 23, 2000, and the U.S. NAO released a report on July 7, 2000, recommending ministerial consultations to resolve this NAFTA labor dispute.

⁴ International Institute for Sustainable Development, *Sustainable Developments*, vol. 41, No. 1, Oct. 14, 2000, found at Internet address <http://www.iisd.ca/sd/cec>, retrieved Feb. 21, 2001.

⁵ U.S. Department of Labor, "Submissions," found at Internet address <http://www.dol.gov/dol/ilab/public/programs/nao>, retrieved Feb. 21, 2001.

⁶ Canadian Ministry of Labour, found at Internet address <http://labour-travail.hrdc-drhc.gc.ca>, retrieved Feb. 21, 2001.

⁷ NAALC, found at Internet address <http://www.naalc.org>, retrieved Feb. 21, 2001.

Dispute Settlement

The NAFTA Secretariat maintains national sections in each of the member countries and administers NAFTA provisions for dispute settlement under chapters 11, 14, 19, and 20 of the agreement. According to the NAFTA Secretariat, chapter 11 “establishes a mechanism for the settlement of investment disputes that assures both equal treatment among investors of the Parties in accordance with the principle of international reciprocity and due process before an impartial tribunal.”⁸ Chapter 14 “establishes a mechanism for the settlement of financial services disputes by providing that Section B of Chapter 20 shall apply, with modification, to the settlement of disputes arising under this chapter.”⁹ Under chapter 19, binational panels can be formed to review antidumping (AD) and countervailing duty (CVD) final determinations made by national agencies of NAFTA member countries.¹⁰ For example, “Article 1903, provides that a Party may request that an amendment to the other Party’s AD or CVD statute be referred to a panel for a declaratory opinion on whether the amendment is consistent with the GATT and the NAFTA. Article 1904, provides for the establishment of panels relating to the review of AD, CVD, and injury final determinations.”¹¹ Chapter 20 “includes provisions relating to the avoidance or settlement of all disputes regarding the interpretation or application of the Agreement, except for matters covered in [Chapters 11, 14, and 19].”¹²

Eleven chapter 19 binational arbitral panels were formed in 2000 to review U.S. Department of Commerce determinations on administrative reviews and full sunset reviews, and Commission determinations on 5 year reviews.¹³ Four binational panels are reviewing Commerce antidumping duty administrative review determinations on steel plate from Canada, steel flat products from Canada, cement and clinker from Mexico, and cookware from Mexico.¹⁴ Three binational panels are reviewing Commerce full sunset review determinations on cement and clinker from Mexico,¹⁵ and magnesium¹⁶ and magnesium alloy¹⁷ from Canada. Three binational panels are

⁸ NAFTA Secretariat, “Chapter 11 Summary - Dispute Settlements Provisions,” found at Internet address <http://www.nafta-sec-alena.org>, retrieved Mar. 29, 2001.

⁹ NAFTA Secretariat, “Chapter 14 Summary - Dispute Settlements Provisions,” found at Internet address <http://www.nafta-sec-alena.org>, retrieved Mar. 29, 2001.

¹⁰ In the United States, dumping and subsidy determinations are made by the U.S. Department of Commerce, and injury determinations are made by the U.S. International Trade Commission. In Canada, final dumping and subsidy determinations are made by Revenue Canada (Customs and Excise) and injury determinations are made by the Canadian International Trade Tribunal. In Mexico, all determinations are made by the Secretaria de Economia (formerly the Secretaria de Comercio y Fomento Industrial).

¹¹ NAFTA Secretariat, “Chapter 19 Summary - Dispute Settlements Provisions,” found at Internet address <http://www.nafta-sec-alena.org>, retrieved Mar. 29, 2001.

¹² NAFTA Secretariat, “Chapter 20 Summary - Dispute Settlements Provisions,” found at Internet address <http://www.nafta-sec-alena.org>, retrieved Mar. 29, 2001.

¹³ NAFTA Secretariat, “NAFTA Chapter 19 Binational Panel Decisions,” found at Internet address <http://www.nafta-sec-alena.org>, retrieved Mar. 29, 2001.

¹⁴ Certain cut-to-length carbon steel plate from Canada (USA-CDA-2000-1904-01); certain corrosion-resistant carbon steel flat products from Canada (USA-CDA-2000-1904-02); Gray Portland cement and clinker from Mexico (USA-MEX-2000-1904-03); and porcelain-on-steel cookware from Mexico (USA-MEX-2000-1904-04).

¹⁵ Gray Portland cement and clinker from Mexico (USA-MEX-2000-1904-05).

¹⁶ Pure magnesium from Canada (USA-CDA-2000-1904-06).

¹⁷ Pure magnesium and alloy magnesium from Canada (USA-CDA-2000-1904-07).

reviewing Commission 5 year review determinations on magnesium from Canada,¹⁸ cement and clinker from Mexico,¹⁹ and steel products from Canada.²⁰ One binational panel review was terminated with no decision regarding a Commerce full sunset review determination on steel from Canada.²¹

Six binational panel reviews of U.S. determinations initiated in 1998 and 1999 are active. These six reviews include a U.S. dumping determination on steel from Canada,²² and antidumping duty administrative review determinations on cement and clinker from Mexico,²³ and cookware from Mexico.²⁴ Another binational panel is currently reviewing a U.S. Department of Commerce final scope ruling on pipe from Mexico.²⁵ On February 10, 2000, a binational panel issued an order that the "redetermination on remand should be affirmed" regarding Commerce's fifth antidumping duty administrative review determination on cement and clinker from Mexico.²⁶

Two chapter 19 binational arbitral panels issued findings in April and July 2000 on cases filed in 1998 regarding Canadian agency injury determinations on U.S. steel products²⁷ and U.S. pipe fittings.²⁸ The binational panels affirmed the Canadian agency determinations in the case of pipe fittings from the United States that "there was no likelihood of material injury to the domestic industry," and in the case of U.S. steel products that there is "no likelihood of resumed dumping of the subject goods from the U.S. into Canada."²⁹ One case filed in 1999 against a Canadian agency determination on Mexican hot-rolled steel is currently active.³⁰ Four new cases were filed in 2000 regarding Canadian agency determinations on U.S. products. Two of the active cases refer to Canadian agency dumping determinations on U.S. contrast media,³¹ and U.S. refrigerators, dishwashers, and

¹⁸ Magnesium from Canada (USA-CDA-2000-1904-09).

¹⁹ Gray Portland cement and clinker from Mexico (USA-MEX-2000-1904-10).

²⁰ Carbon steel products from Canada (USA-CDA-2000-1904-11).

²¹ Certain corrosion-resistant carbon steel flat products from Canada (USA-CDA-2000-1904-08).

²² Corrosion-resistant carbon steel flat products from Canada (USA-CDA-98-1904-01).

²³ Gray Portland cement and clinker from Mexico (USA-MEX-98-1904-02 and USA-MEX-99-1904-03).

²⁴ Porcelain-on-steel cookware from Mexico (USA-MEX-98-1904-04).

²⁵ Circular welded non-alloy steel pipe from Mexico (USA-MEX-98-1904-05).

²⁶ Gray Portland cement and clinker from Mexico (USA-97-1904-01).

²⁷ Certain cold-reduced flat-rolled sheet products of carbon steel (including high-strength low-alloy steel) originating in or exported from the United States of America (CDA-USA-98-1904-02).

²⁸ Certain solder joint pressure pipe fittings and solder joint drainage, waste and vent pipe fittings, made of cast copper alloy, wrought copper alloy or wrought copper, originating in or exported from the United States of America (CDA-USA-98-1904-03).

²⁹ Decision of the Panel, CDA-USA-98-1904-03, page 1, found at Internet address <http://www.nafta-sec-alena.org>, retrieved March 29, 2001.

³⁰ Certain hot-rolled carbon steel plate, originating in or exported from Mexico (CDA-MEX-99-1904-01).

³¹ Certain iodinated contrast media used for radiographic imaging, originating in or exported from the United States of America (including the Commonwealth of Puerto Rico) (CDA-USA-2000-1904-01).

dryers,³² and two cases refer to Canadian agency injury determinations on the same products.³³

One chapter 19 binational panel is currently reviewing dumping determinations by a Mexican agency regarding high-fructose corn syrup from the United States.³⁴ Two new binational panels were formed in 2000 to review Mexican agency dumping determinations on urea from the United States³⁵ and U.S. beef.³⁶

Two chapter 20 arbitral panels were formed in 1998 to review U.S. final determinations on land transportation services from Mexico.³⁷ One panel issued a final report on February 6, 2001, supporting a preliminary decision in November 2000, ruling that the United States must comply with its obligations under NAFTA Annex 1 regarding cross-border trucking and investment. Under NAFTA, the United States agreed to allow Mexican truckers access to U.S. border states by December 18, 1995, and full access to the United States by January 1, 2000.³⁸ Under the same agreement, U.S. truckers were to be permitted full access to Mexico. Mexico has denied such access pending reciprocity from the United States.

One chapter 11 binational arbitral panel ruled in favor of Canada on the U.S.-Canada lumber dispute.³⁹

Free Trade Area of the Americas

At the December 1994 First Summit of the Americas in Miami, Florida (the Miami Summit), the 34 democratically elected heads of state of the Western Hemisphere (all of the countries in the hemisphere, except Cuba) committed to form a comprehensive free trade area, the Free Trade Area of the Americas (FTAA),⁴⁰ to complete

³² Certain top-mount electric refrigerators, electric household dishwashers, and gas or electric laundry dryers, originating in or exported from the United States of America and produced by, or on behalf of, White Consolidated Industries, Inc. and Whirlpool Corporation, their respective affiliates, successors and assigns (CDA-USA-2000-1904-03).

³³ U.S. contrast media (CDA-USA-2000-1904-02) and U.S. refrigerators, dishwashers and dryers (CDA-USA-2000-1904-04).

³⁴ Imports of high-fructose corn syrup originating in the United States of America (MEX-USA-98-1904-01). For more information, see the chapter 4 section on Mexico in this report.

³⁵ Imports of urea originating in the United States of America (MEX-USA-00-1904-01).

³⁶ Bovine carcasses and half carcasses, fresh or chilled, originating in the United States of America (MEX-USA-00-1904-02).

³⁷ Cross-border trucking services and investment (USA-97-2008-01) and Cross-border bus services (USA-98-2008-02). For more information on the trucking dispute, see the chapter 4 section on Mexico in this report and USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, August 2000, pp. 61-62.

³⁸ Embassy of Mexico, *NAFTA Works*, Vol. 6, Issue 2, February 2001.

³⁹ For more information, see chapter 4 section on Canada in this report.

⁴⁰ The FTAA is also known in French as the Zone de Libre-Échange des Amériques (ZLEA), in Portuguese as the Area de Livre Comercio das America (ALCA), and in Spanish as the Area de Libre Comercio de Las America (ALCA).

negotiations for the FTAA by 2005, and to achieve substantial progress toward building the FTAA by 2000. Two-way merchandise trade between the United States and the 33 other FTAA countries in 2000 amounted to \$778 billion, with more than 80 percent taking place between the United States and NAFTA partners Canada and Mexico (\$620 billion).

Status of the Negotiations

At the April 1998 Santiago Summit, the 34 heads of state reiterated the mandate of the Miami Summit and instructed that FTAA negotiations formally begin. Accordingly, a Trade Negotiations Committee (TNC) at the vice-ministerial level was established to oversee the FTAA negotiations. Nine FTAA Negotiating Groups were established in June 1998, covering: (1) market access (which includes nonagricultural tariffs and nontariff barriers, rules of origin, customs procedures, standards, and safeguards); (2) agriculture (which includes agricultural tariffs and nontariff barriers, agricultural subsidies and other trade-distorting practices, and sanitary and phytosanitary procedures); (3) services; (4) investment; (5) government procurement; (6) intellectual property; (7) subsidies, antidumping, and countervailing duties; (8) competition policy; and (9) dispute settlement. The meetings of the Negotiating Groups rotate among the following locations: Miami (May 1, 1998-February 28, 2001); Panama City, Panama (March 1, 2001-February 28, 2003); and Mexico City (March 1, 2003-December 31, 2004, or until the conclusion of the negotiations).

At their November 1999 meeting in Toronto, the FTAA trade ministers instructed the nine Negotiating Groups to prepare initial draft, bracketed texts of the nine areas and to submit those draft texts to the Ministers at their next meeting, which was held in Buenos Aires, Argentina on April 6-7, 2001. The initial draft chapters in these nine areas were developed based on texts proposed by individual countries or groups of countries. During 2000, these draft texts were consolidated to avoid duplication and to express clearly the range of positions to date.

Environmental Issues

U.S. negotiators are working within the framework of the nine established FTAA negotiating groups and within the TNC to identify and incorporate relevant environmental considerations into the FTAA agreement.⁴¹ Another means by which the United States is taking into account the environmental implications of the FTAA negotiations, both positive and negative, is through an environmental review, as

⁴¹ USTR, "Environment and the FTAA: Public Summary of the U.S. Position," found at Internet address <http://www.ustr.gov/regions/whemisphere/envir.html>, retrieved Mar. 8, 2001.

directed by Executive Order.⁴² USTR sought public comments on the guidelines for implementing that environmental review of the FTAA in July 2000.⁴³ USTR established an interagency committee, the FTAA Interagency Environment Group, to oversee the development and implementation of a review that ultimately is to analyze the environmental effects of the FTAA resulting from changes in economic activity and potential impacts on domestic laws and regulations. USTR also established an interagency working group composed of economic and environmental experts, the Quantitative Analysis Working Group, to provide guidance on the quantitative and methodological parameters of the review. The working group consisted of staff of the U.S. International Trade Commission, Economic Research Service of the U.S. Department of Agriculture, U.S. Environmental Protection Agency, U.S. Department of Commerce, and USTR. The working group drafted a report providing advice on proposed methodologies for an environmental review of the FTAA in October 2000.⁴⁴ USTR initiated a written environmental review of the FTAA, and requested public comments for that review, on December 4, 2000.⁴⁵

APEC

During 2000, the major accomplishment of APEC was to promote the year 2001 as the period for beginning negotiations for the next round of WTO trade negotiations. In reaching this agreement at their November meeting, APEC Leaders stated “. . . there is a need to expeditiously launch a new WTO round for the benefit of all WTO members. . . .”⁴⁶ This was an unexpected action on the part of APEC Leaders. In pre-summit meetings, Malaysia and other Southeast Asian members had forced removal of the date from the draft declaration. This group of economies was disenchanted with the impact of liberalized world trade on developing countries.⁴⁷ Nonetheless, countries such as the United States, Japan, and Singapore were able to push ahead with the endorsement for a WTO trade round in 2001. The final statement contained conciliatory language toward the developing economies, including in the area of

⁴² That Executive Order requires that the United States conduct an environmental review for all comprehensive multilateral trade rounds, bilateral or plurilateral free trade agreements, and major new trade liberalization agreements in natural resource sectors. President, “Executive Order 13141 of November 16, 1999: Environmental Review of Trade Agreements,” 64 F.R. 63167, Nov. 18, 1999.

⁴³ USTR, “Request for Public Comment: Draft Guidelines for Implementation of Executive Order 13141: Environmental Review of Trade Agreements; Notice of Public Hearing,” 65 F.R. 42743, July 11, 2000.

⁴⁴ USTR, “Report of the Quantitative Analysis Working Group to the FTAA Interagency Environment Group,” October 2000, found at Internet address <http://www.ustr.gov/environment/analysis.pdf>, retrieved Mar. 8, 2001.

⁴⁵ USTR, Notice of Initiation of Environmental Review and Request for Comments on Scope of Review, and “Notice of Availability of the Report of the Quantitative Analysis Working Group and Request for Comments,” 65 F.R. 75763, Dec. 4, 2000. See also USTR, “USTR Reaffirms Environmental Review of Trade Agreements,” press release 01-24, Apr. 20, 2001.

⁴⁶ APEC, *Leaders’ Declaration - Brunei Darussalam, Delivering to the Community*, Nov. 16, 2000.

⁴⁷ *Los Angeles Times*, “APEC Leaders Endorse Talks in 2001,” Nov. 17, 2000.

information technology. However, it did not address the concerns among developing countries that developed nations would try to impose labor and environmental standards as part of the global trade agenda.⁴⁸

The 12th annual APEC Ministerial meeting was held during November 12-13, 2000 in Bandar Seri Begawan, Brunei Darussalam. At their meeting, Ministers reaffirmed their commitment to the Bogor goal of free and open trade and investment.⁴⁹ They also affirmed APEC's unique approach in advancing trade liberalization and facilitation goals through Individual Action Plans (IAPs) and Collective Action Plans (CAPs).⁵⁰ Ministers welcomed the work that had been undertaken by APEC to improve the IAPs through their transformation into electronic form (e-IAPs). They endorsed the proposed 2000 IAP Format Guidelines for the new e-IAPs.⁵¹ The Ministers were encouraged by the improvements to the IAPs in 2000. During 2000, seven economies submitted their IAPs for peer review: China, Chinese Taipei, Indonesia, Mexico, Peru, Singapore, and Thailand. Canada and Russia offered to submit their IAPs for review during 2001. Ministers also noted the enhancement of the CAPs, including expansion of the CAPs to intensive work on nontariff measures, broadening of the CAPs to include "paperless trading" for customs procedures, and completion of the APEC Policy Framework for work on services.⁵²

In the area of trade facilitation, APEC Ministers reviewed recent advances in improving trade and investment facilitation. They agreed that trade facilitation must remain a priority issue and welcomed initial work on developing a set of nonbinding principles on trade facilitation.

With regard to the multilateral trading system, Ministers expressed their firm commitment to open regionalism and their strong support for the primacy of the multilateral trading system. They endorsed the strategic APEC plan as a basis for concerted action to enhance capacity for full participation in the WTO and agreed on the importance of full implementation of the Uruguay Round Agreements as early as possible. They reaffirmed their strong commitment to launch a new round of multilateral trade negotiations under the WTO at the earliest opportunity. They called on all delegations in Geneva to agree on an agenda in 2001 and urged all WTO members to muster the political will and exercise flexibility. APEC Ministers also agreed on various measures in the areas of services, agriculture, and customs duties.⁵³

Ministers welcomed the contribution that APEC was making towards strengthening the functioning of markets in the region. They commended publications such as *APEC*

⁴⁸ Calvin Sims, "World Trade Talks Revived by Pacific Rim Conference," *New York Times*, Nov. 17, 2000.

⁴⁹ For information on the Bogor Declaration, see *USITC, The Year in Trade: OTAP 1994*, USITC publication 2894, July 1995, pp. 35-38.

⁵⁰ For information on IAPs and CAPs, see *USITC: The Year In Trade: OTAP 1996*, USITC publication 3024, April 1997, pp. 75-78.

⁵¹ APEC, Twelfth APEC Ministerial Meeting, Joint Statement, Bandar Seri Begawan, Brunei Darussalam, Nov. 12-13, 2000.

⁵² *Ibid.*, p. 2.

⁵³ *Ibid.*, pp. 4-6.

Road Map on Strengthening Markets, the Cooperative Initiative on Regulatory Reform, and the Cooperation Framework for Strengthening Economic Legal Infrastructure as examples of APEC's work in this area. Ministers also endorsed the Economic and Technical Cooperation (ECOTECH) report and the Economic Committee's Report to Ministers for 2000.

APEC Ministers acknowledged that "a digital divide could further widen social and economic disparities across the APEC region" and stressed the importance of everyone having access to information technology networks. APEC Ministers, therefore, called for improvement in access to affordable technology. Because the new economy is primarily driven by the business sector, Ministers stressed that APEC needed to improve its relations with the business community by building public-private partnerships to create digital opportunities.⁵⁴ With regard to e-commerce in general, APEC Ministers urged the need for better coordination and collaboration.

Other topics that APEC Ministers discussed in their meeting included public outreach, dialogue with the business community, support for poor segments of the communities, integration of women, youth, the APEC Food System, biotechnology, management review, the budget, and the APEC Secretariat. Ministers also noted the sectoral meetings held during 2000 in the areas of education, telecommunications, small- and medium-sized enterprises, tourism, and energy.

Following the Ministerial meeting, APEC Leaders met and issued a statement that every person in the Pacific Rim should have access to the Internet by the year 2010 to take advantage of the information technology revolution. They also urged countries recovering from the Asian financial crisis to continue their economic reforms; noted the risks to the world economy posed by the volatility of the oil market; committed to working in partnership with the widest spectrum of the business community; and continued to place the highest priority on facilitating the flow of goods and services. In addition, APEC Leaders stressed that the Individual Action Plans are the most important mechanism towards free and open trade and investment. APEC Leaders indicated that they want to ensure that the action plans are transparent, comprehensive, and specific. They instructed Ministers to ensure that the new e-IAP system is fully utilized and operational in 2001.⁵⁵

APEC Leaders also issued a number of directives that:

- support the actions of APEC Ministers Responsible for Telecommunications and Information Industry in their Cancun Declaration;
- welcome the new energy security initiative and new implementation strategy;
- endorse the outcome of the APEC Education Ministers Meeting;
- endorse the APEC Tourism Charter;

⁵⁴ Ibid., p. 12.

⁵⁵ APEC, *Leaders' Declaration - Brunei Darussalam, Delivering to the Community*, Nov. 16, 2000.

- endorse the strategic APEC plan for WTO-related capacity building;
- urge APEC Ministers to make further progress on the reduction of nontariff measures;
- urge continued effort in APEC's work on strengthening markets;
- endorse the APEC Ministers' initiative for APEC to prepare a human capacity building strategy;
- welcome the outcome of the APEC Forum on Shared Prosperity and Harmony;
- enforce the approaches many APEC fora are making to interact with the business sector;
- remain firmly committed to gender integration through the Framework for the Integration of Women in APEC;
- welcome the progress report from Ministers on the implementation of the recommendations of the APEC Food System; and
- note the progress on the private-public sector initiative, Regional Integration for Sustainable Economies.⁵⁶

The Ministerial meeting in 2001 will be hosted by China, the 2002 meeting by Mexico, the 2003 meeting by Thailand, the 2004 meeting by Chile, and the 2005 meeting by Korea.

⁵⁶ Ibid.

CHAPTER 4

U.S. Relations With Major Trading Partners

This chapter reviews bilateral trade relations and issues with eight major U.S. trading partners during 2000: Canada, the European Union, Mexico, Japan, China, Taiwan, Korea, and Brazil. It also describes developments in negotiations to conclude bilateral free trade agreements with Jordan, Singapore, and Chile. Appendix tables A-1 through A-24 provide detailed information on U.S. trade with the eight major partners.

Canada

The volume of trade between the United States and Canada makes it the largest trading relationship in the world, currently measured at more than \$1 billion a day. The connection is governed in large part by a free trade agreement, originally bilateral in nature and signed in 1988. The U.S.-Canada Free Trade Agreement (CFTA) evolved into the North American Free Trade Agreement (NAFTA) in 1994.¹ The bilateral phase out of duties under CFTA/NAFTA was completed on January 1, 1998. This provided duty-free status for substantially all goods originating in the United States and Canada.² The major trade-related issue in 2000 concerned softwood lumber and the approaching expiration of the bilateral agreement between the United States and Canada governing trade in that sector. Other issues in 2000 included automobiles, wheat, and Canadian patent law.

U.S. trade with Canada increased in 2000. U.S. exports, totaling \$155.6 billion, increased \$10 billion (6.8 percent) from 1999, while U.S. imports from Canada totaled \$229.1 billion, an increase of \$31 billion (15.5 percent) from 1999. The leading items exported from the United States to Canada in 2000 were passenger motor vehicles, parts and accessories for motor vehicles, and certain electronic semiconductor circuits. The major items imported from Canada into the United States during the same period were passenger motor vehicles, crude petroleum, and natural gas. The merchandise trade deficit with Canada increased by over \$20 billion (39.9 percent) from 1999 to 2000, to \$73.5 billion. U.S.-Canadian trade data are shown in tables A-1, A-2, and A-3.³

¹ For more information on NAFTA, see chapter 3.

² Duty-free status exists for most bilaterally traded goods, except for certain supply-managed products in Canada and dairy, sugar, peanuts, and cotton in the United States. The CFTA entered into force in January 1989 and allowed for successive duty reductions over a 10-year period. January 1, 1994, marked the entry into force of the NAFTA. The timetable for duty reductions and most of the terms of the CFTA were incorporated into NAFTA.

³ U.S. trade with NAFTA partners is shown in table 3-1.

U.S.-Canadian Softwood Lumber Agreement

The expiration of the 5-year Softwood Lumber Agreement (SLA) between the United States and Canada on March 31, 2001 is the most significant of recent events marking one of the longest-running commodity disputes between the two countries. Thus, throughout 2000, discussion of the agreement and its perceived shortcomings dominated bilateral trade relations.⁴

Background

The United States and Canada formally entered into the SLA on May 29, 1996. The agreement aimed to ensure that the U.S. lumber industry did not suffer material injury from imports of softwood lumber from Canada. In the mid 1990s, as Canadian softwood lumber gained market share in the United States, the U.S. industry threatened another in a series of countervailing duty actions.⁵

The 5-year SLA established annual allocations and fees for lumber exports of the Canadian provinces of British Columbia, Quebec, Alberta, and Ontario. The agreement stipulated that up to 14.7 billion board feet of lumber could be exported to the United States annually without additional fees, such as export taxes. For exports in quantities between 14.7 billion and 15.35 billion board feet per year, a fee of US\$50 per 1,000 board feet was assessed, and for exports in excess of 15.35 billion board feet per year the fee was US\$100 per 1,000 board feet. The Government of Canada was responsible for allocating export allowances to the four provinces. Each province was assessed fees for exports in excess of its allotment.⁶

Canada received a pledge by U.S. lumber companies, unions, and trade associations that they would not seek recourse to U.S. trade laws to dispute imports of Canadian softwood lumber for the duration of the 5-year accord. Canada also was assured that the U.S. Department of Commerce would not self-initiate any trade action during the life of the agreement, and would dismiss any petition from the lumber sector brought under countervailing duty or dumping laws as long as the SLA was in effect and not breached.⁷

Developments in 2000

As the end of the SLA approached, the Canadian and U.S. Governments discussed whether the agreement should be extended, renegotiated, or whether softwood lumber should be freely traded. On both sides of the border, various interests called for termination of the lumber pact.

⁴ USTR official, conversation with USITC staff, Apr. 5, 2001.

⁵ For more information, see USITC, *The Year in Trade, 1995*, USITC Publication 2971, pp. 47-48.

⁶ Canadian Department of Foreign Affairs and International Trade, "Minister Eggleton Announces Softwood Lumber Plan," press release 157, Sept. 10, 1996.

⁷ USTR, press release 96-35, Apr. 2, 1996.

In the United States, the extension was supported by the lumber industry and opposed by consumers. The lumber industry maintained that the moratorium on title VII action against Canadian lumber was harmful, while consumer groups said that the agreement limited the supply of finished lumber in the United States, causing an increase in the price of new housing. In the U.S. Congress, some lawmakers sought information from USTR in support of extending the SLA, while others indicated their support for other courses of action.⁸

Canadians also were divided on the issue of how to proceed with softwood lumber trade. The conflict in Canada focused on whether to negotiate a successor lumber agreement or to allow the existing agreement to expire, thus ending government intervention in this sector's bilateral trade.⁹

In both countries, environmental groups criticized what they perceived as the shortcomings of the SLA, as well as shortcomings in lumber management policy in both countries. Most environmental groups argued for less management of lumber trade, but for greater control over the management of forests as a natural resource.¹⁰

U.S. and Canadian officials began discussions on their differences in softwood lumber trade in August 2000. The U.S. Government sought resolution of what it considered to be "the continued lack of competitive aspects in Canadian timber pricing."¹¹ The discussions focused on the various responses that USTR received to its *Federal Register* notice seeking public comment on bilateral softwood lumber trade in light of the pending expiration of the SLA.

One of the issues associated with the lumber accord is a U.S. Customs classification of certain manufactured lumber products. In April 1998 the U.S. Customs Service, in response to complaints from the U.S. lumber industry, reclassified the tariff status of pre-drilled boards and notched lumber, bringing them under the SLA and eliminating their duty-free status. That action prompted several continuing disputes under the SLA that were never resolved.¹²

U.S. Customs took another, similar action affecting rougher-headed lumber in June 1999. The Canadian Government's position was that the June 1999 action constituted an expansion of the SLA to include a product not originally covered by the agreement.¹³ In May 2000, Canada protested the reclassification through the SLA's dispute settlement mechanism. While the dispute panel considered arguments, the two countries continued their bilateral discussions about the expiration of the agreement.

⁸ A March 2, 2000 notice of the *Federal Register* by the Office of the United States Trade Representative (65 F.R. 11363) sought comments from interested parties on the impact of the March 2001 expiration of the SLA. Inside Washington Publications, "Backers, Opponents of Lumber Deal Battle for Congressional Support," *Inside U.S. Trade*, April 21, 2000.

⁹ Inside Washington Publications, "Canadian Producers Take Conflicting Positions on Lumber Deal," *Inside U.S. Trade*, Apr. 21, 2000.

¹⁰ *Ibid.*

¹¹ U.S. official, quoted in Bureau of National Affairs, Inc., "United States Starts Dialogue with Canada on Lumber Trade," *International Trade Daily*, Aug. 8, 2000, p. 3.

¹² USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, March 2000, p. 186.

¹³ Referring to a Canadian submission to an arbitration panel established under the SLA, found in Bureau of National Affairs, Inc., "Canada and U.S. Resolve Ongoing Dispute Over Treatment of Rougher-Headed Lumber," *International Trade Daily*, Oct. 10, 2000, p. 12.

In October 2000, the dispute over rougher-headed lumber ended when the United States offered to increase the amount of lumber exports allowed without fees into the United States under the SLA. In return, Canada agreed to drop the arbitration procedure. The compromise, accomplished through an October 24, 2000 exchange of letters amending the SLA, increased the base amount of allowable Canadian lumber exports under the SLA. The increase was 72.5 million board feet, giving Canada a new base level of 15.35 billion board feet for the period ending March 31, 2000.¹⁴

In May, as the deadline for ending the SLA approached, Canada filed a WTO request for consultations with the United States.¹⁵ In its request, Canada sought clarification and interpretation of the Statement of Administrative Action to the Uruguay Round Agreements Act. That document states that U.S. industries should consider an export control or restraint imposed by another country to be a subsidy and therefore subject to countervailing duty. In seeking WTO clarification of the Statement of Administrative Action, the Canadians might have stopped the United States from seeking a countervailing duty case once the SLA expired, but the U.S. Government blocked the Canadian request for formation of a WTO dispute-settlement panel in August 2000.

Although the two governments continued to discuss the SLA through fall 2000, the uncertainty of the U.S. presidential election results limited consideration of any new agreement. As a result, the SLA expired on March 31, 2001 and a title VII case was filed with the USITC and the Department of Commerce on April 2, 2001.

Other Bilateral Developments

Other matters that occupied trade policy practitioners included an action protesting Canadian provisions of the U.S.-Canada Automotive Trade Agreement (Auto Pact), a continuing dispute involving U.S. imports of wheat, and the issue of the duration of Canadian patent protection.

Auto Pact

Bilateral trade in motor vehicles between the United States and Canada was governed by the 1965 U.S.-Canada Automotive Trade Agreement, called the Auto Pact. This agreement has contributed to the largest sectoral flow of commerce between the two countries and also to the integration of the North American automobile industry. The Auto Pact required North American automakers to build one car in Canada for every one sold, in exchange for exemption from paying duty on products they imported into Canada. Because of merger and acquisition activity, Mercedes-Benz (Daimler Chrysler), Volvo and Jaguar (Ford), and Saab (General Motors) benefitted as well.

¹⁴ Bureau of National Affairs, Inc., "United States Starts Dialogue with Canada on Lumber Trade," *International Trade Daily*, Aug. 8, 2000, p. 3.

¹⁵ Bureau of National Affairs, Inc., "Canada Seeks WTO Consultations With U.S. on Countervailing Duties, Lumber Agreement," *International Trade Daily*, May. 24, 2000, pp. 10-11.

This feature of the Auto Pact was incorporated into the NAFTA. In 1999, the EU and Japan requested formation of a dispute-settlement panel to review Canada's duty-free treatment of certain auto imports from the United States. In late 1999, the panel found the duty-free treatment to be inconsistent with Canada's WTO obligations. Canada appealed the panel ruling in March 2000, and the WTO Appellate Body upheld the panel's findings in May. Canada was given until February 19, 2001 to implement the WTO recommendations and rulings.¹⁶ Throughout the process, U.S. auto manufacturers have encouraged Canada to eliminate the duty-free access provisions and adopt an external tariff on all foreign vehicles entering Canada.¹⁷ The duty would apply to all imports that do not meet the NAFTA requirements for duty-free treatment. The WTO ruling effectively terminated the Canada-U.S. Automotive Products Trade Agreement.

Wheat

In March 2000 the North Dakota Wheat Commission (NDWC) announced its intention to challenge the operations of the Canadian Wheat Board, and in September filed a section 301 petition with USTR, alleging that the Canadian Wheat Board engaged in unfair practices resulting in predatory pricing and the loss of U.S. access to foreign markets. The NDWC sought restraints on Canadian exports of wheat to the United States. The petition was not supported by U.S. millers and other importers.¹⁸ In October, USTR initiated a section 301 investigation into the sales practices of the Canadian Wheat Board in U.S. and third-country markets, representing the ninth time that the Board's practices of the CWB have been investigated by the United States.¹⁹ The case continued into 2001.²⁰

Canadian Patent Law

In 1999, the United States formally challenged a provision in Canadian patent law, claiming that the 17-year protection afforded certain Canadian patent holders was inconsistent with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).²¹ At issue was the protective length of a patent's life: 17 years rather than the 20 years specified under TRIPs. The WTO dispute-settlement panel

¹⁶ At a meeting of the WTO Dispute Settlement Body (DSB) on March 12, 2001, Canada reported that it had complied with the DSB recommendations as of Feb. 18, 2001. WTO, "Overview of the State-of-play of WTO Disputes," para. 35(a), found at www.wto.org/wto/english/tratop_e/dispu_e/stplay_e.doc, retrieved Apr. 17, 2001.

¹⁷ Inside Washington Publications, "Big Three Press Canada to Scrap Auto Pact's Duty-Free Access," *Inside U.S. Trade*, Jan. 7, 2000.

¹⁸ The complaint covers certain kinds of wheat, mainly the durum and hard red spring wheat classes.

¹⁹ Inside Washington Publications, "USTR Initiates Section 301 Investigation Against Canadian Wheat Board," *Inside U.S. Trade*, Oct. 27, 2000; and 65 FR 69362-3, Nov. 16, 2000.

²⁰ For more information, see chapter 5 on section 301 investigations. In conjunction with the section 301 case and at the request of the United States Trade Representative, the USITC instituted investigation No. 332-349, *Wheat Trading Practices: Competitive Conditions Between U.S. and Canadian Wheat* on April 12, 2001.

²¹ The United States requested formation of a WTO panel to review the matter in May 1999 and the panel was created in September.

formed to review the matter ruled on May 5, 2000 that the Canadian provision violated Canada's obligations under the TRIPs agreement that Canada provide a minimum 20-year period of patent protection. Canada had until August 12, 2001 to comply with the WTO patent ruling, and in February 2001 Canada introduced amendments to its Patent Act that would bring its federal law into compliance with the WTO decision.

European Union

The U.S.-EU trade agenda addressed a broad range of issues during 2000, including aircraft hushkits, Airbus financing, mutual recognition agreements, approval of agri-biotechnology products, data privacy, wine, and steel. However, three disputes often overshadowed the trade relationship. Despite talks throughout the year, disputes covering the EU banana import regime, the EU ban on hormone-treated beef, and U.S. foreign sales corporations (FSC), remained unresolved at year's end. U.S. retaliatory tariffs imposed on EU products in 1999 remained in place throughout 2000 in response to the EU's continued failure to comply with WTO findings on the longstanding bananas and beef issues. Although the United States modified its FSC regime in November in response to a WTO ruling, the EU claims the new regime remains WTO inconsistent.

In 1999, the WTO authorized the United States to impose increased duties on EU imports when the EU failed to comply with WTO findings that its banana regime and beef hormone ban were inconsistent with WTO obligations. Frustration with the EU's continued failure to comply with the WTO findings prompted the United States on May 18, 2000 to pass legislation (section 407 of the Trade and Development Act of 2000) that mandates modifications to the lists of EU products subject to increased duties in both of these cases. This new procedure, often referred to as carousel retaliation, was intended to increase pressure for settlement.²² However, the United States did not implement the plan in 2000 and in April 2001, the United States and the EU reached a settlement ending the banana dispute. Efforts were made during 2000 to reduce the level of retaliation in response to the beef hormone ban²³ in exchange for improved market access of U.S. nonhormone treated beef, but agreement could not be reached by year's end.²⁴

During the year, the United States and EU continued to meet regularly under the Transatlantic Economic Partnership, an initiative launched in 1998 to strengthen

²² USTR, "USTR Announces Procedures for Modifying Measures in EC Beef and Bananas Cases," press release 00-41, May 26, 2000.

²³ For more details about the EU hormone ban, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 58-59.

²⁴ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, found at Internet address <http://www.ustr.gov/reports/2001.html>, retrieved Mar. 9, 2001.

cooperation in the fields of trade and investment. Under the Partnership, the two sides made substantial progress on a Mutual Recognition Agreement (MRA) on marine safety equipment, and completed a framework for cooperation on calibration. U.S. and EU officials also made progress on negotiating MRAs in three service sectors: insurance, architectural services, and engineering services.²⁵

Two issues related to the aircraft sector were active during 2000. On March 14, the United States filed a complaint with the International Civil Aviation Organization (ICAO) to settle a dispute over the EU's so-called hushkit regulation, which restricts the operation of aircraft that have been modified by noise-reducing devices called hushkits. U.S. officials argue that the regulation,²⁶ which entered into effect on May 4, is inconsistent with international noise standards established by the ICAO and discriminates against the United States because the hushkits are U.S.-made and found primarily on U.S. aircraft.²⁷ The United States also held consultations with the EU regarding the terms and conditions of EU financial assistance for the launch of Airbus' A380 superjumbo jetliner. U.S. officials aim to ensure that the financing is on commercial terms and complies with the WTO Subsidies Agreement as well as the 1992 U.S.-EU Large Civil Aircraft Agreement.²⁸

U.S. trade with the EU totaled more than \$370 billion in 2000, second only to Canada. U.S. exports to the EU grew 7.5 percent to \$152.7 billion in 2000. U.S. imports grew more rapidly, by 12.3 percent to \$218.4 billion, resulting in a \$65.7 billion U.S. trade deficit with the EU in 2000. Leading U.S. exports to the EU in 2000 included airplanes and parts, parts of automated data processing machines, and metal oxide semiconductors. Leading U.S. imports from the EU included passenger cars, heterocyclic compounds, and airplanes and parts. U.S.-EU trade data are shown in tables A-4 through A-6.

Bananas

Background

On July 1, 1993, the European Union implemented a new EU-wide banana import regime that granted preferential treatment to bananas from domestic producers and

²⁵ Ibid.

²⁶ Council Regulation (EC) No. 925/1990, *Official Journal of the European Communities*, L 115, May 4, 1999.

²⁷ "Prepared Statement of Ambassador David L. Aaron On Behalf of the U.S. Department of Commerce, U.S. Department of State, Federal Aviation Administration, Before the U.S. House of Representatives, Committee on Transportation and Infrastructure, Subcommittee On Aviation, Sept. 9, 1999," found at Internet address <http://www.ogc.gov/ogc/legreg/testimon/106f/aaron0909.htm>, retrieved Mar. 13, 2001; and Office of International Information Programs, U.S. Department of State, "Remarks on Airline Noise Standards by ICAO Council U.S. Member," Washington File, Sept. 21, 2000, found at Internet address <http://usinfo.state.gov>, retrieved March 13, 2001.

²⁸ Federal News Service, Inc., "Press Teleconference With: Susan Esserman, Deputy United States Trade Representative, on New Airbus Super Jumbo Jet," Dec. 18, 2000.

from producers in former European colonies in Africa, the Caribbean, and the Pacific (ACP) countries. The EU banana regime imposed duty and quota restrictions on imports of bananas from non-ACP countries, largely in Latin America. Also, the EU licensing system adversely affected U.S. banana distribution companies, such as Chiquita Brands International and Dole Foods, which had historically distributed the bulk of Latin American bananas to the EU.

In 1993, a group of Latin American countries initiated dispute-settlement procedures in the GATT claiming discrimination from the regime. In 1994, the GATT panel report found that the regime violated the EU's GATT obligations by granting preferential treatment to some countries. However, the EU blocked adoption of the report and did not implement the panel's findings. In 1996, Ecuador, Guatemala, Honduras, Mexico, and the United States requested a WTO dispute-settlement panel to examine the EU regime for the importation, sale, and distribution of bananas. The 1997 panel report and subsequent appellate report ruled the EU banana regime inconsistent with GATT 1994 and the General Agreement on Trade in Services (GATS), because it unfairly restricted EU imports of Latin American bananas and discriminated against certain banana distributors. The WTO arbitrator granted the EU 15 months, until January 1, 1999, to comply with WTO obligations.

In January 1999, the EU implemented a modified banana import regime.²⁹ However, the United States claimed that the modified regime "perpetuated the WTO violations identified by the panel and appellate body"³⁰ and requested authorization to suspend concessions to the EU covering trade valued at \$520 million, an estimate of the amount of economic harm sustained annually by the United States because of the EU's failure to implement a WTO-consistent banana regime. Because the EU objected to the level of suspension proposed by the United States, the matter was referred to arbitration. The arbitration was due to be completed on March 2 under Dispute Settlement Understanding procedures, but was delayed because arbitrators required additional information from the parties. On March 3, the U.S. Customs Service began withholding liquidation on selected imports from the EU valued at \$520 million. According to the USTR, this was done "to ensure that, upon issuance of the arbitrators' final decision, the United States would be in the same position to take action as it would have been had the arbitrators issued their decision by the March 2 deadline."³¹ On April 6, arbitrators determined that the level of suspension was equal to \$191.4 million, rather than \$520 million. On the same day, the WTO issued a panel report in response to a request from Ecuador, which ruled that the new EU regime implemented January 1999 remained inconsistent with WTO obligations.³² On April 19, 1999, the WTO Dispute Settlement Body authorized the United States to suspend concessions to the EU valued at \$191.4 million, and the United States imposed 100 percent ad valorem duties on a list of EU products, retroactive to March 3, 1999.³³

²⁹ EC Regulations 1637/98 and 2362/98.

³⁰ U.S. Department of State telegram, "European Union National Trade Estimate Report - Year 2001," message reference No. 00432, prepared by U.S. Mission to the EU, Brussels, Jan. 25, 2001.

³¹ 64 F.R. 19209-19210.

³² On May 18, 2000 the WTO Dispute Settlement Body authorized Ecuador to suspend concessions to the EU valued at \$201.6 million. However, Ecuador never implemented retaliatory measures and a settlement was reached in April 2001.

³³ 64 F.R. 19209-19210.

Developments in 2000

At the end of 1999, both the EU and Caribbean banana exporting countries presented proposals for a new EU banana import regime.³⁴ Although the United States endorsed the Caribbean proposal, the EU rejected it and instead focused on gaining support for its own proposal. The EU proposal called for a two-phase approach. During the first phase, the EU would implement a transitional and complex tariff-rate quota system consisting of three tariff-rate quotas with ACP tariff preferences. In the second phase, to begin January 1, 2006 at the latest, a tariff-only system would automatically enter into effect.³⁵ The EU indicated that the preferred option for the distribution of licenses is allocation based on historical performance, but other options, in particular a "first come, first served" (FCFS) system could be pursued. In the absence of any agreement, the European Commission indicated it would propose immediate negotiations to move to a tariff-only regime.³⁶

The United States claimed that the EU proposal perpetuated WTO inconsistencies.³⁷ During the spring, U.S. officials continued to object to a number of aspects of the EU proposal, including the allocation of import licenses.³⁸ Negotiations to set up a system to manage the tariff quotas by historical trade patterns broke down; the major stumbling block was finding an appropriate reference period.³⁹ Because of the lack of progress, on July 5 the European Commission proposed that the transitional tariff-rate quota system be managed by allocating import licenses on a FCFS basis to operators bringing bananas into the EU market. The European Commission also requested EU Council approval to begin tariff negotiations with relevant banana suppliers under GATT Article XXVIII, so that a tariff-only system could be implemented in the event that no solution was reached.⁴⁰ On July 10, the Council authorized the Commission to examine the possibility of managing the banana import regime on a FCFS quota basis; however, the Council did not authorize the Commission to begin GATT Article XXVIII negotiations.⁴¹ The Council requested the Commission to report back later on progress made.⁴²

³⁴ For more information, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 56-57.

³⁵ European Commission, "Commission Proposes to Modify the EU's Banana Regime," press release IP/99/828, Brussels, Nov. 10, 1999. Details of the proposal were discussed in USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 56-57.

³⁶ European Commission, Directorate General-Trade, "Dispute Settlement, The Banana Case: Background and History," found at Internet address http://europa.eu.int/comm/trade/miti/dispute/banana/index_en.htm, retrieved Mar. 6, 2001.

³⁷ U.S. Department of State telegram, "Bananas: Demarche on Status," message reference No. 63091, prepared by USTR, Washington, DC, Apr. 4, 2000.

³⁸ *Ibid.*

³⁹ European Commission, "Commission Communication to the Council on the Consultations Undertaken by the Commission With the Aim of Resolving the Banana Dispute," July 5, 2000, reprinted in Inside Washington Publications, *Inside U.S. Trade*, July 7, 2000.

⁴⁰ European Commission, Directorate General-Trade, "Dispute Settlement, Commission Gives New Impetus to Resolve Banana Dispute," found at Internet address http://europa.eu.int/comm/trade/miti/dispute/banana/index_en.htm, retrieved Mar. 6, 2001.

⁴¹ U.S. Department of State telegram, "EU FM's Take Cautious Line on Proposed Changes to Banana Regime," message reference No. 4021, prepared by U.S. Mission to the EU, Brussels, July 12, 2000.

⁴² *Ibid.*

In October, in response to the Council request, the European Commission presented a proposal endorsing the FCFS system.⁴³ Otherwise the main elements of the European Commission proposal remained very similar to those proposed in November 1999: a transitional system of tariff-rate quotas followed by a tariff-only regime. The following tabulation outlines the October 2000 proposal:

Transitional Tariff Quota System	<ul style="list-style-type: none"> ▪ Quota A: 2.2 million tonnes, at 75 euros/tonne ▪ Quota B: 0.353 million tonnes, at 75 euros/tonne ▪ Quota C: 0.850 million tonnes, at 300 euros/tonne⁴⁴ ▪ All quotas managed on a first come, first served basis ▪ All quotas open to all bananas, irrespective of origin
Tariff-only System	<ul style="list-style-type: none"> ▪ Single tariff to be negotiated consistent with GATT Article XXVIII ▪ Entry into force no later than January 1, 2006

The United States, as well as Caribbean and most Latin American banana exporters, rejected the European Commission proposal. In a declaration of the foreign trade ministers of the seven Latin American banana exporters (all but Ecuador),⁴⁵ ministers categorically rejected the FCFS system and announced their support, in an unprecedented consensus position, for the Caribbean proposal announced in December 1999.⁴⁶ The United States also registered serious concerns with the FCFS system. Furthermore, U.S. officials claimed that the third quota (quota C), although now open to all bananas regardless of origin, remained essentially a quota restricted to ACP bananas because of the excessively high margin of preference, perpetuating the GATT Article XIII violation that has been part of the EU regime since 1993. In addition, by severely restricting Latin American bananas, the discrimination would continue between companies supplying Latin American bananas to the EU market and companies, which are primarily European, that supply ACP bananas. The United States urged the European Commission to return to negotiations based on a historical reference system.⁴⁷

⁴³ European Commission, "Communication from the Commission to the Council on the 'First Come, First Served' Method for the Banana Regime and the Implications of a Tariff Only System," Oct. 4, 2000, found at Internet address http://europa.eu.int/comm/trade/miti/dispute/banana/index_en.htm, retrieved Mar. 6, 2001.

⁴⁴ Compared to the November 1999 EU proposal, the tariff on Quota C was raised from 275 ecus/tonne to 300 ecus/tonne. The euros/tonne price is the preference given to ACP bananas within each quota.

⁴⁵ Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, Panama, and Venezuela.

⁴⁶ U.S. Department of State telegram, "LATAM Banana Producers (Minus Ecuador) Meet in Panama, Request Meeting with USTR Barshefsky," message reference No. 4028, prepared by U.S. Embassy, Panama, Oct. 20, 2000; and Letter to USTR Charlene Barshefsky from Latin Ministers, reprinted in Inside Washington Publications, *Inside U.S. Trade*, Oct. 20, 2000.

⁴⁷ U.S. Department of State telegram, "Bananas Demarche: USG Opposes EU Proposal," message reference No. 192887, prepared by USTR, Washington, DC, Oct. 5, 2000.

Despite this opposition, on December 19 the EU Agriculture Council adopted the European Commission's two-phase proposal, including the FCFS system. The Council also authorized the Commission to conduct negotiations with the main banana suppliers under GATT Article XXVIII in preparation for the tariff-only phase of the regime. The regulation implementing the new EU banana regime was scheduled to enter into effect on April 1, 2001, or on July 1, 2001, at the latest.⁴⁸

In the meantime, U.S. and EU officials worked behind the scenes to negotiate an agreement based on a modified historical reference system. However, efforts to reach an agreement at the U.S.-EU summit on December 18 failed,⁴⁹ as well as later efforts to resolve the dispute before the Clinton Administration left office in January 2001.⁵⁰ Finally, in April 2001, both sides reached a settlement ending the longstanding dispute.⁵¹

In a separate but related action, in July 2000 a WTO dispute-settlement panel ruled on a case filed by the EU against U.S. retaliatory measures taken in the bananas dispute in 1999. More specifically, the case addressed the U.S. decision, effective March 3, 1999, to withhold liquidation and increase the bonding requirement on imports from the EU valued at \$520 million annually prior to the final WTO ruling affirming that the new EU banana regime is WTO inconsistent.⁵² On July 17, 2000 the panel concluded that the United States acted prematurely when it withheld liquidation on certain EU imports effective March 3, 1999 and should have waited until April 19, 1999 when the WTO authorized the United States to suspend concessions to the EU valued at \$191.4 million. The panel also rejected the EU claim that the tariffs now in place as a result of the dispute are not consistent with WTO procedural requirements.⁵³ On December 11,

⁴⁸ European Commission, Directorate General-Trade, "Dispute Settlement, Agriculture Commissioner Franz Fischler Welcomes Farm Ministers' Decision on Banana Regime Reforms," found at Internet address <http://europa.eu.int/comm/trade/miti/dispute/banana/ffban.htm>, retrieved Mar. 6, 2001. In talks with the United States, the EU agreed in early March 2001 to delay the target implementation date to July 1, 2001.

⁴⁹ U.S. Department of State telegram "Bananas: Demarche to EU Member States," message reference No. 241179, prepared by U.S. Department of State, Washington, DC, Dec. 22, 2000.

⁵⁰ Bureau of National Affairs, Inc., "Agriculture: U.S., EU 'Very, Very Close' to Agreement In Dispute Over Bananas, Barshefsky Says," *International Trade Daily*, Jan. 18, 2001.

⁵¹ On April 11, 2001, the U.S. Government and European Commission reached an agreement ending the bananas dispute. The agreement is scheduled to enter into effect on July 1, 2001. Under the agreement, the EU will institute a system of licensing based on historical reference periods and will adjust the quantities in the various quotas to increase access for Latin American bananas. More specifically, quota C will be reduced by 100,000 tonnes and quota B will be increased by 100,000 tonnes. Furthermore, quota C will be reserved exclusively for bananas of ACP origin, subject to a WTO GATT Article XIII waiver. The United States will suspend sanctions currently imposed against imports from the EU on July 1, 2001. See USTR, "Joint United States-European Union Release, U.S. Government and European Commission Reach Agreement to Resolve Long-Standing Banana Dispute," press release 01-23, Apr. 11, 2001.

⁵² WTO, "Overview of the State-of-Play of WTO Disputes," Feb. 21, 2001, found at Internet address <http://www.wto.org/wto/dispute/bulletin.htm>, retrieved Feb. 28, 2001.

⁵³ USTR, "WTO Panel Finds U.S. Acted Prematurely on Bananas, But U.S. Duties Unaffected," press release 00-54, July 17, 2000.

2000, the Appellate Body upheld the panel finding. Because the March 3, 1999 bonding requirements were a temporary measure, no action was required by the United States.⁵⁴

Foreign Sales Corporations

The United States provides special tax treatment for foreign sales corporations (FSC), which has become the subject of a WTO dispute. U.S. tax law permits certain export income earned by foreign subsidiaries of U.S. companies to be exempt from U.S. income tax.⁵⁵ On July 1, 1998, the EU requested a dispute-settlement panel to examine the FSC provisions of U.S. tax law, claiming they were inconsistent with the WTO's Subsidies Agreement and Agreement on Agriculture. On October 8, 1999, the panel ruled that the FSC tax regime is a prohibited export subsidy under the Subsidies Agreement and, for agricultural products, the tax regime is an export subsidy violating Agriculture Agreement obligations. The panel requested that the United States withdraw the subsidy by October 1, 2000. Although the United States appealed the ruling on November 26, 1999, the Appellate Body reaffirmed the panel's finding on February 24, 2000.

In early May 2000, the United States presented a proposal to the EU for resolving the issue. The proposal would repeal the FSC regime and replace it with a new regime that, according to the United States, would not constitute a subsidy and would exclude from U.S. tax a certain portion of a corporation's foreign sales income, without regard to whether the income derived from exports.⁵⁶ However, the EU rejected the proposed regime, claiming it remains export contingent.⁵⁷

In order to avoid an escalation of the dispute, on September 30, U.S. and EU officials reached an agreement on procedures for handling the dispute.⁵⁸ Under the agreement, the United States asked the WTO for an extension from October 1 to November 1 to enact legislation replacing the FSC regime. The two sides also agreed on the sequencing of WTO procedures: the EU will await a WTO panel ruling on the FSC replacement regime, as well as any subsequent appeal, before arbitration of the level of retaliation will proceed. The EU pointed out that the agreement would avoid a repetition of the bananas dispute, in which the United States raised bonding requirements before the WTO ruling on the modified EU banana regime.⁵⁹

⁵⁴ USTR, "WTO Appellate Body Rejects EU Appeal on U.S. Bananas Duties," press release 00-87, Dec. 11, 2000.

⁵⁵ Sections 921-927 of the U.S. Internal Revenue Code.

⁵⁶ U.S. Department of the Treasury, "Treasury Deputy Secretary Stuart E. Eizenstat, remarks to European-American Business Council, Washington, DC," press release LS-921, Sept. 27, 2000.

⁵⁷ EU Trade Commissioner Pascal Lamy, letter to U.S. Deputy Secretary of the Treasury Stuart Eizenstat, May 26, 2000, reprinted in Inside Washington Publications, *Inside U.S. Trade*, June 2, 2000.

⁵⁸ U.S. Department of the Treasury, "U.S.-E.U. Reach Agreement on FSC Procedures," press release LS-927, Sept. 30, 2000; and European Commission, "EU and US Reach Agreement on Procedures for Handling Foreign Sales Corporations Dispute," press release IP/00/1094, Oct. 2, 2000.

⁵⁹ European Commission, "EU and US Reach Agreement on Procedures for Handling Foreign Sales Corporations Dispute," press release IP/00/1094, Oct. 2, 2000.

On November 15, President Clinton signed into law the FSC Repeal and Extraterritorial Income Exclusion Act of 2000, the first U.S. legislation enacted to implement findings of a WTO dispute-settlement panel.⁶⁰ Two days later, the United States notified the WTO that it had implemented the recommendations and rulings of the dispute-settlement panel. On the same day, the EU requested a WTO panel to examine the replacement regime, which the EU claimed “not only maintains the violations found by the WTO in the FSC case, but may even aggravate them.”⁶¹ In addition, the EU requested the WTO to authorize retaliatory measures against the United States valued at \$4.043 billion, the highest amount ever claimed in a WTO dispute. On December 20, the WTO agreed to a dispute-settlement panel to review the FSC replacement regime.⁶²

Pursuant to the September 2000 agreement, on November 27, the United States requested arbitration of the EU’s proposed level of suspension of concessions. However, on December 21, the United States and the EU requested that arbitration be suspended until adoption of the panel report, or if appealed, until adoption of the Appellate Body report ruling on the replacement regime.⁶³

The FSC has a long history. In 1981, a GATT panel report was adopted that ruled that the FSC’s predecessor, the Domestic International Sales Corporation (DISC), was an illegal export subsidy. The United States replaced the DISC with the FSC in 1984 to conform with principles adopted by the GATT in an “understanding.” The understanding was reached in 1981 at the time of the adoption of the panel reports on DISC and on concurrent cases brought by the United States against the tax provisions of some EU member states.⁶⁴ The United States continues to claim that the FSC regime is consistent with the 1981 GATT understanding.⁶⁵

Mexico

The inauguration on December 1, 2000, of Vicente Fox Quesada of the National Action Party as President of Mexico ended the Institutional Revolutionary Party’s 71-year long domination of the Mexican Government. Looking ahead some 25 years,

⁶⁰ The White House, “Statement by the President,” Nov. 15, 2000, found at Internet address <http://www.useu.be/ISSUES/fsc1116.html>, retrieved Mar. 16, 2001.

⁶¹ European Commission, “EU Requests WTO Compliance Panel and Authorisation to Impose Sanctions Against the US in Foreign Sales Corporation Trade Dispute,” press release IP/00/1321, Nov. 17, 2000.

⁶² WTO, “Overview of the State-of-Play of WTO Disputes,” Feb. 21, 2001, found at Internet address <http://www.wto.org/wto/dispute/bulletin.htm>, retrieved Feb. 28, 2001.

⁶³ *Ibid.*

⁶⁴ U.S. Mission to the EU, “Background on the Foreign Sales Corporation Dispute,” found at Internet address <http://www.useu.be/ISSUES/fscback.pdf>, retrieved Mar. 16, 2001; and USTR, “US Disappointed with WTO FSC Ruling, Vows to Work With EU to Reach Solution,” press release 00-13, Feb. 24, 2000.

⁶⁵ U.S. Department of the Treasury, “Statement by Treasury Deputy Secretary Stuart E. Eizenstat at the U.S. Mission to the European Union, Brussels, Belgium,” press release LS-604, May 2, 2000.

President Fox foresees that not only capital and goods will move unimpeded across national borders in North America, but also people.⁶⁶

To make such high-level economic integration possible, President Fox said he will work to reduce wage differentials between Mexico and its NAFTA partners.⁶⁷ According to President Fox, U.S. and other foreign investment inflows into Mexico are likely to be significantly larger than in recent years, and the U.S. Government should facilitate the flow of Mexican labor into the United States by easing immigration, or adopting "guest worker" or other arrangements to fill the United States' growing need for labor.⁶⁸

Mexico maintained its position during the year as the second-largest U.S. trading partner after Canada, and before Japan. U.S.-Mexican trade data are shown in tables A-7, A-8, and A-9. Two-way trade with the United States resulted in a record surplus for Mexico. U.S. exports to Mexico also reached record levels, rising by \$19 billion (23.4 percent) to more than \$100 billion. However, U.S. imports from Mexico continued to grow at a slightly faster pace than U.S. exports to Mexico, increasing by nearly \$26 billion (23.6 percent) to a record \$135 billion. Since the United States accounts for almost 89 percent of Mexico's exports and 73 percent of its imports, the widening Mexican surplus with the United States largely counterbalanced Mexico's growing trade deficit with the rest of the world. This deficit amounted to \$8 billion in 2000, 44 percent higher than in 1999.⁶⁹

The year 2000 was characterized by the persistence of a few bilateral trade issues that have consistently eluded resolution. For the United States, access to the Mexican agricultural market, its third largest, continued to be a major problem.⁷⁰ Mexico continued to limit the movement of certain agricultural imports from the United States, mainly by imposing antidumping duties on imports of high-fructose corn syrup (HFCS) and beef, and by allegedly arbitrary enforcement of sanitary and phytosanitary standards and labeling. The latter practice affected several U.S. agricultural exports, including grains, seed products, potatoes, apples, meat, poultry, and eggs.⁷¹ Another major issue for the United States was the allegedly monopolistic practices of Mexico's telecommunications giant, Teléfonos de Mexico (Telmex), which continued to block U.S. access to Mexico's telecommunications services market.

For Mexico, significant areas of contention during 2000 included longstanding U.S. tariff-rate quotas (TRQs) on Mexican sugar, and the continued closure of U.S. highways to Mexican land transportation vehicles.⁷² NAFTA called for Mexican trucks

⁶⁶ Vicente Fox, "A New Kind of Neighbor," *The New York Times*, Aug. 25, 2000, p. 4.

⁶⁷ *Ibid.*

⁶⁸ Bureau of National Affairs, Inc., "Around the Globe," *International Trade Daily*, Feb. 19, 2001, p. 2. At the Feb. 16, 2001 meeting of President Bush and President Fox in San Cristobal, Mexico, the two leaders agreed to create high-level panels "to constructively discuss immigration and labor issues."

⁶⁹ Mexican Ministry of the Economy, preliminary data.

⁷⁰ For a discussion, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, p. 60, and *OTAP, 1998*, USITC publication 3192, pp. 65-70, and later in this section.

⁷¹ For example, see U.S. Department of State telegram, "2001 National Trade Estimate Report," message reference No. 00405, prepared by U.S. Embassy, Mexico City, Jan. 16, 2001.

⁷² For a discussion of the trucking issue, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, p. 61.

to have full access to all U.S. highways by January 2000. However, because of U.S. concerns about the safety hazards posed by Mexican trucks on U.S. roads, these provisions had not been implemented by the end of 2000. The Mexican Government retaliated by refusing to let U.S. trucks into its country.

In September 1998, Mexico's Ministry of the Economy (formerly SECOFI),⁷³ formally requested the establishment of a panel under chapter 20 provisions of NAFTA to resolve the then 3-year old trucking dispute. On November 29, 2000, the panel issued a preliminary determination saying that, although the United States is not allowed to bar Mexican trucks, it has the right to enforce its safety standards.⁷⁴

Mexican Sugar and U.S. Sweeteners

Mexican access to the U.S. sugar market and U.S. access to the Mexican HFCS market continued to be major issues in 2000.⁷⁵ HFCS is used primarily as a sweetener in soft drinks, but it is also an input in the bakery, fruit processing, fruit juice canning, and yogurt industries. Because these products have a high degree of substitutability, issues of access in the trading partner's market are intimately linked.

Concerned for years about its surplus of sugar, Mexico sought to boost its domestic sugar consumption by limiting competition from cheaper, alternative sweeteners, both domestic and imported. In particular, Mexican sugar producers have been concerned that HFCS imported from the United States could replace domestically produced sugar by many users.

Mexico is a net exporter of sugar. The nation consumes much of the sugar it produces, and exports its surplus predominantly to the United States. Mexico also produces HFCS, exports virtually none, and imports it primarily from the United States.⁷⁶ Mexico's HFCS output is not known. Much of the corn used for this production is imported from the United States under TRQs. The United States is the largest producer of HFCS in the world and is a net exporter of the product.

Despite informal efforts to resolve the disputes, the parties finally initiated formal dispute-settlement procedures. Mexico turned to NAFTA to settle the dispute with the United States on TRQs for sugar exports. Mexico's antidumping duties on HFCS were challenged by U.S. exporters under NAFTA procedures and by the U.S. Government under WTO procedures.

⁷³The Secretariat of Commerce and Industrial Development (SECOFI) was renamed the Ministry of the Economy by the current administration.

⁷⁴On Feb. 6, 2001, the NAFTA panel released its final ruling, reiterating its temporary finding that under NAFTA the United States must open its borders to Mexican trucks, and that it was inappropriate to block these trucks on safety grounds. The Bush Administration indicated that it would set in motion the implementation of the NAFTA trucking provisions as well as the required safety provisions.

⁷⁵See also USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, p. 111; *OTAP, 1998*, USITC publication 3192, p. 66; and *OTAP, 1999*, USITC publication 3336, p. 39.

⁷⁶U.S. Department of Agriculture, Foreign Agricultural Service, "Mexico: Sugar, Semi-Annual, 2000," Oct. 10, 2000, *GAIN report #MX0148*, found at Internet address <http://www.fas.usda.gov/>, retrieved on Dec. 20, 2000.

Sugar

On August 17, 2000, Mexico challenged the validity of NAFTA's sugar trade provisions under NAFTA chapter 20 dispute-settlement procedures. The dispute results from different interpretations by the United States and by Mexico of the sugar trade agreement under NAFTA. Access to one another's sugar markets is established in Section A of Annex 703.2 of NAFTA, which is based on a 1993 "understanding" between Michael A. Kantor, then United States Trade Representative, and Jaime Serra Puche, then Mexico's Secretary of Commerce and Industrial Development.⁷⁷

For each fiscal year during 1994-99, the United States allocated TRQs to Mexico in amounts up to 25,000 metric tons for raw and refined sugar combined, in accordance with historical patterns of U.S. sugar imports, and the pertinent NAFTA provisions currently under dispute.⁷⁸ If in any fiscal year during this period Mexico had not met the condition of being a "surplus producer," its quota would have been smaller still.

For fiscal year 2000/01, the TRQ on Mexican sugar surged to 116,000 metric tons, almost five times the volume before, but still smaller than the allocations to some other supplying countries.⁷⁹ In comparison, a quota of 185,346 metric tons of raw sugar was specified for the Dominican Republic, and 152,700 tons for Brazil, in accordance with historical patterns of U.S. sugar imports. Its sugar quota disappointed the Mexican Government, which contended that, beginning October 1, 2000, Mexico was entitled to ship all of its sugar surplus (500,000 to 600,000 metric tons) to the United States.⁸⁰

Although sugar is one of the original Mexican industries developed by Spanish colonizers, Mexico was a net importer of sugar prior to NAFTA. As a result of privatization and technological modernization, sugar mills in Mexico sharply increased output in the 1990s.⁸¹ By 1995, Mexico was not only capable of meeting all domestic demand, but had become a net exporter. Presently, Mexico's sugar industry faces excess capacity, almost no source of credit, and cash flow problems. Not unlike the United States, Mexico has a protected sugar market, with prices well above the world market price. High U.S. sugar prices are one major reason why Mexico would prefer to sell all its surplus to the United States.

⁷⁷ USTR Michael A. Kantor, letter to Jaime Serra Puche, Mexico's Secretary of Commerce and Industrial Development, dated November 3, 1993, reprinted in 103d Congress, 1st Session, House Document 103-160, p. 98. See also USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, p. 111.

⁷⁸ USTR, "USTR Announces Allocation of the Refined Sugar and Sugar Containing Products Tariff-Rate Quotas for 1999-2000," press release 99-82, Oct. 1, 1999; and USTR, "USTR Announces Allocation of Raw Cane Sugar Tariff-Rate Quota for 1999-2000," press release (unnumbered), Nov. 2, 1999.

⁷⁹ TRQ for raw cane sugar and raw value of refined sugar combined. See, USTR, "USTR Announces Allocation of the Raw Cane Sugar, Refined Sugar, and Sugar Containing Products Tariff-Rate Quotas for 2000/2001," press release 00-64, Sept. 21, 2000.

⁸⁰ "Mexico Threatens New Sugar Deadline," *North American Free Trade & Investment Report*, Aug. 15, 2000, p. 14.

⁸¹ U.S. Department of State telegram, "1997 Trade Act Report: Mexico," message reference No. 10605, prepared by U.S. Embassy, Mexico City, Oct. 31, 1997.

The U.S. sugar industry is distressed by its own problems, including record low world sugar prices.⁸² U.S. producers are concerned that the domestic sugar market could be flooded with Mexican sugar if Mexico is allowed to export its entire surplus.

HFCS

On January 28, 1998, SECOFI determined that imports of HFCS from the United States had been sold at less than fair value in the Mexican market, and that such imports were threatening the Mexican sugar industry with material injury. SECOFI imposed final antidumping duties ranging from \$63.75 to \$100.60 per metric ton on commercial product HFCS 42 and \$55.37 to \$175.50 per metric ton on commercial product HFCS 55, payable in addition to the regular 4.5-percent ad valorem duty.⁸³

Interested parties in the United States, as well as the U.S. Government, quickly protested the Mexican Government's action by initiating dispute-settlement procedures under NAFTA and the WTO. In February 1998, shortly after the imposition of final antidumping duties, the Corn Refiners Association requested dispute-settlement proceedings on behalf of U.S. HFCS exporters under chapter 19 of NAFTA. U.S. exporters claimed that the duties were inconsistent with Mexican antidumping legislation.⁸⁴ In May 1998, the U.S. Government claimed that "Mexico's antidumping action does not pass muster under WTO rules."⁸⁵

On February 24, 2000, the WTO Dispute Settlement Body (DSB) adopted the panel report, which concluded that the Mexican Government's 1998 imposition of antidumping duties on imports of HFCS from the United States was not in accordance with the WTO Antidumping Agreement.⁸⁶ Mexico was given until September 22 to comply with the DSB recommendations.

The panel found that the decision to impose antidumping duties was improper in several respects. First, the panel found that SECOFI did not adequately consider all economic factors affecting the Mexican sugar industry that were pertinent in determining whether a threat of material injury to that industry existed. Also, the panel found that SECOFI did not adequately consider the effect of a restraint agreement

⁸² Subsidized production in several countries drives down world market prices of sugar. U.S. sugar policy maintains U.S. prices above the world market price through the administration of TRQs.

⁸³ The U.S.-Mexican dispute over HFCS began in January 1997, when the Mexican National Chamber of Sugar and Alcohol Industries, an association of sugar producers in Mexico, filed a petition with SECOFI alleging sales at less than fair value of HFCS imported from the United States. For details on the HFCS antidumping case, see USITC, *The Year in Trade: OTAP, 1998*, USITC publication 3192, pp. 67-68.

⁸⁴ A final NAFTA ruling is expected in May 2001.

⁸⁵ USTR, "USTR Pursues WTO Case against Mexico on High Fructose Corn Syrup," press release 98-50, May 8, 1998.

⁸⁶ WTO, "Mexico - Antidumping Investigation of High Fructose Corn Syrup (HFCS) from the United States," WT/DS132/R, Report of the Panel, adopted on February 24, 2000; USTR, "WTO Adopts Panel Finding Against Mexican Measure on High-Fructose Corn Syrup," press release 00-14, Feb. 28, 2000; and Bureau of National Affairs, Inc., "U.S., Mexico Near Agreement on Deadline for Corn Syrup Compliance," *International Trade Daily*, Apr. 13, 2000.

between Mexican sugar refiners and soft drink bottlers.⁸⁷ In August 1997, Mexican producers reportedly agreed to sell their sugar at discounted prices for the next 3 years to local soft-drink companies, provided these companies voluntarily restricted the imports of U.S.-made HFCS to specified levels.⁸⁸

Despite the WTO finding, Mexico decided on September 20, 2000 to retain the duties it imposed in 1998. Authorities justified this action with a new analysis that takes into account the additional factors that the WTO found missing in the earlier investigation. These new facts and their analysis led Mexican authorities to reinstate their original determination of early 1998 that HFCS imports from the United States posed a threat of material injury to the Mexican sugar industry.

On October 12, the United States requested that the DSB refer the matter to the original WTO panel, arguing that the redetermination of injury by Mexican authorities rested on insufficient evidence, and that the continuation of duties remains inconsistent with the WTO Antidumping Agreement.⁸⁹ The DSB complied with the U.S. request on October 23.⁹⁰

Telecommunication Services⁹¹

On November 8, 2000, then United States Trade Representative Charlene Barshefsky announced a request to the WTO to establish a dispute-settlement panel to resolve a complaint over monopolistic practices in Mexico's \$12 billion telecommunication services industry.⁹² Telecommunication issues have been a thorn in U.S.-Mexican bilateral relations for years. Telmex, originally the Mexican Government's monopoly for telecommunication services, was privatized in 1993. In 1996, it officially ceased to be a monopoly in providing long-distance and international telephone services.⁹³ Nonetheless, Telmex continued to enjoy significant monopolistic advantages due to its size and its vertically integrated nature. According to USTR, "during the past 3 years Telmex has actually increased its market share for long-distance customers from 74 to 81 per cent, and thwarted competitive carriers' attempts to build out alternative local networks."⁹⁴

⁸⁷ WTO, "Mexico - Antidumping Investigation of High Fructose Corn Syrup (HFCS) from the United States," WT/DS132/R, Report of the Panel, adopted on February 24, 2000; and Bureau of National Affairs, Inc., "U.S., Mexico Near Agreement on Deadline for Corn Syrup Compliance," *International Trade Daily*, Apr. 13, 2000.

⁸⁸ For more information, see USITC, *The Year in Trade: OTAP, 1998*, USITC publication 3192, pp. 67-68.

⁸⁹ Permanent Mission of the United States to the World Trade Organization, "Mexico - Antidumping Investigation of High Fructose Corn Syrup (HFCS) from the United States, First Written Submission," Nov. 17, 2000.

⁹⁰ WTO, "Overview of the State-of-Play of WTO Disputes," Feb. 21, 2001, p. 13.

⁹¹ Telecommunication services encompass basic services (transmission of voice and data without change in form or content), and value-added services (electronic mail, electronic data interchange, electronic funds transfer, enhanced facsimile, and online database access).

⁹² USTR, "United States to Request WTO Panel on Mexico Telecommunications," press release 00-78, Nov. 8, 2000.

⁹³ U.S. Department of State telegram, "2001 National Trade Estimate Report," message reference No. 00405, prepared by U.S. Embassy, Mexico City, Jan. 16, 2001.

⁹⁴ USTR, "U.S. to Request WTO Consultations with Mexico Regarding Telecommunications Trade Barriers," press release 00-57, July 28, 2000.

U.S. authorities indicate that the Mexican regulatory system is ineffective in implementing anti-competitive measures. New companies entering Mexico's telecommunication market in recent years, including U.S. carriers AT&T Corp. and WorldCom Inc., have repeatedly complained that they are unable to gain a foothold in this market.⁹⁵

Although Telmex has improved the quality of telephone services in recent years, Mexico still has fewer phone lines per capita than almost every other major Latin American country.⁹⁶ Before 2001, fees for incoming calls originating in the United States were, at 19 cents per minute, much higher than for calls from other countries. Such problems have been attributed to the very limited competition in Mexican telephone services.

Mexico is a signatory of the WTO Basic Telecommunications Agreement, which has been in effect since February 5, 1998. In November 1998, USTR questioned Mexico's compliance with its basic telecommunications commitments.⁹⁷ In 1999 and 2000, USTR expressed additional concerns about the Mexican regulatory environment, suggesting that the Mexican Government had failed to satisfy its obligations under the GATS.⁹⁸

In August 2000, USTR requested WTO consultations with Mexico to resolve the "[l]ack of effective disciplines over the former monopoly, Telmex, which is able to use its dominant position to thwart competition."⁹⁹ U.S. companies competing in Mexico's long-distance telephone market, especially ALESTRA and AVANTEL in which AT&T Corp. and WorldCom Inc., respectively, are important equity participants,¹⁰⁰ have long complained that Telmex charged unfairly high interconnection rates to keep them out of the market. Interconnection rates are fees for connecting competitors' calls to local networks. These connections are made almost exclusively by Telmex.¹⁰¹ More than any other cost, high interconnection fees have contributed to the high cost of long-distance telephone calls in Mexico.

⁹⁵ Eight companies are authorized in Mexico to provide long-distance service; five of these have U.S. partners.

⁹⁶ USTR, "U.S. to Request WTO Consultations with Mexico Regarding Telecommunications Trade Barriers," press release 00-57, July 28, 2000. According to press reports, only 11 percent of Mexicans have telephones.

⁹⁷ USTR, "USTR Underscores Need for Progress in Mexico's Implementation of WTO Telecom Commitments," press release 98-102, Nov. 25, 1998, p. 25.

⁹⁸ USTR, "Annual Review of Telecommunications Trade Agreements Highlights US/EC Progress on Third Generation Mobile Services—Market Access Concerns in Mexico, Japan and Germany," press release 99-29, Mar. 30, 1999; USTR, "Out-of-Cycle Review Highlights Progress on Current Telecommunications Arrangements in Mexico and Concern Regarding End-of-Year Policy Decisions," press release 99-67, July 29, 1999; and "Annual Review of Telecommunications Trade Agreements Highlights Concerns Regarding Mexico, South Africa, and Other Countries," press release 00-25, Apr. 4, 2000. The reviews were conducted under section 1377 of the Omnibus Trade and Competitiveness Act of 1988.

⁹⁹ USTR, "U.S. to Request WTO Consultations with Mexico Regarding Telecommunications Trade Barriers," press release 00-57, July 28, 2000.

¹⁰⁰ In Mexico, telecommunications companies must be majority-owned by Mexican companies.

¹⁰¹ Telmex reportedly controls 50 percent of local access in Mexico. See Gil Cisneros and P.J. Dinner, "Mexico's Telecommunications Industry Open to U.S. Companies," found at Internet address <http://www.usmcc.org/>, retrieved on Nov. 15, 2000.

Another issue of contention was money owed by U.S. companies to Telmex for unpaid interconnection charges, which had accumulated as negotiations over the rates dragged on and U.S. companies refused to pay. The United States has also argued that Telmex's fees for long-distance phone calls are below cost, thereby unfairly boosting Telmex's own market share. U.S. competitors allege that Telmex covers its losses from such predatory pricing by drawing on revenues generated by its local telephone services that are not exposed to competition.¹⁰²

On September 2, 2000, Mexico's Federal Telecommunications Commission (COFETEL) issued regulations that would curb the power of Telmex, effective January 1, 2001.¹⁰³ COFETEL, in the Department of Communications and Transportation, is the official regulatory body over Mexico's telecommunications industry. In an apparent response to the U.S. charge of predatory pricing, COFETEL's new regulations forbade Telmex to price services below cost, providing that the prices of all services to competitors should be cost-based and uniform throughout the country.¹⁰⁴ COFETEL also ordered Telmex to meet minimum quality standards on a host of services, including shortening the waiting time to reach an operator or have a new line installed. More transparency for certain aspects of Telmex's operations was still another requirement among the regulatory provisions issued by COFETEL.

Over the years, Telmex has vigorously protested charges that it has stifled competition, and has fought regulatory restraints in the courts. Telmex's most recent legal action was filed on October 3, 2000, in response to COFETEL's regulations. Telmex alleged constitutional violations by COFETEL and other Mexican authorities,¹⁰⁵ and claimed that COFETEL's regulations, in effect, subsidize Telmex's competitors and hand over a segment of the Mexican market to WorldCom Inc. and AT&T Corp.¹⁰⁶

Telmex's legal challenge against COFETEL's regulations added to U.S. discontent.¹⁰⁷ The fact that Telmex turned to the courts raises the possibility that the Mexican Government's new regulations could be tied up in legal battles for a long time. In a letter dated October 20, 2000, U.S. authorities offered a list of four additional steps Mexico should take to resolve the dispute, but the Government of Mexico failed to take further action.

Since COFETEL's September regulations addressed important grievances specified in the United States' August request for consultations in the WTO, U.S. authorities

¹⁰²Brendan M. Case, "Mexican Telecom Rule Changes Don't Go Far Enough, U.S. Says," *The Dallas Morning News*, Sept. 13, 2000.

¹⁰³"Resolution, which Establishes Telmex's Specific Obligations in its Capacity as Dominant Provider in Five Important Telecommunications Markets," Sept. 2, 2000. (Resolución Mediante la cual Establece Obligaciones Específicas a Telmex en su Carácter de Operador Dominante en Cinco Mercados Relevantes de Servicios de Telecomunicaciones, *Diario Oficial de la Federación*, 2 Septiembre, 2000.)

¹⁰⁴Michel Morin, "COFETEL Imposes New Regulations on Telmex," *North American Free Trade and Investment Report*, Sept. 9, 2000.

¹⁰⁵"Telmex Challenges New Regulations," *North American Free Trade and Investment Report*, Oct. 31, 2000, p. 8.

¹⁰⁶Ibid.

¹⁰⁷Telmex's seeking a so-called "amparo" (protection) suit is similar but less forceful than seeking an outright injunction against the new regulations.

considered them a positive step. However, the United States found that these regulations did not go far enough and that their chances of being fully implemented remained in doubt.¹⁰⁸ Therefore, on November 10, 2000, the United States requested the establishment of a WTO dispute-settlement panel. The United States claimed that the Government of Mexico has failed to comply with its WTO commitments with respect to telecommunication services trade, and specified those actions and inactions of the Mexican Government that were inconsistent with Mexico's WTO commitments, including failure to ensure "timely, nondiscriminatory interconnection for local competitors."¹⁰⁹

Following the prolonged dispute between the U.S. and Mexican Governments, as well as between entities within Mexico itself, a settlement was reached on December 28, 2000, between U.S.-based AT&T Corp. and WorldCom Inc., and Mexico's Telmex. Effective January 1, 2001, Telmex agreed to charge an interconnection fee of 1.25 cents per minute to its local network, compared with the 3.36 cents per minute fee that prevailed in recent years. This new fee is similar to that charged by other countries. For their part, the U.S. companies agreed to pay Telmex a portion of its unpaid debt and an additional amount to help Telmex adapt its local network for use by competitors.¹¹⁰

As for the WTO action, under WTO procedures, Mexico was not obliged to agree to the establishment of a panel at the time, and the WTO deferred the U.S. request until December 12, 2000.¹¹¹ The United States must decide in 2001 whether to file a second request to establish a dispute panel. In April 2001, the United States gave Mexico until June 1, 2001, to remove remaining barriers in its telecommunications industry, otherwise "[t]he United States will determine whether additional action is necessary, including moving the pending WTO case forward."¹¹²

Japan

During 2000, there were relatively few bilateral issues between the United States and Japan. The United States focused primarily on deregulation issues and on pushing to extend the U.S.-Japan auto agreement. In the area of deregulation, telecommunications, energy, information technology, and the commercial code were among the main topics of discussion. With regard to autos, the United States encouraged Japan to extend the bilateral agreement claiming that Japan's market is not fully open to foreign auto and parts manufacturers. Despite several rounds of

¹⁰⁸ USTR, "United States to Request WTO Panel on Mexico Telecommunications," press release 00-78, Nov. 8, 2000.

¹⁰⁹ Ibid.

¹¹⁰ Bureau of National Affairs, Inc., "Mexico's Telmex Settles Row with Rivals; Pact Could Obviate Need for WTO Process," *International Trade Daily*, Dec. 28, 2000; David Luhnow, "Mexican, U.S. Phone Giants Reach Accord," *The Wall Street Journal*, Dec. 28, 2000; and David Luhnow, "Telmex to get \$140 Million from Rivals," *The Wall Street Journal*, Jan. 3, 2001.

¹¹¹ Bureau of National Affairs, Inc., "Mexico Blocks WTO Panel Request By U.S. on Mexican Telecom Restrictions," *International Trade Daily*, Dec. 13, 2000.

¹¹² USTR, "Annual Review of Telecommunications Trade Agreements Highlights Concerns in Colombia, Mexico, South Africa, and Taiwan," press release 01-20, Apr. 2, 2001.

negotiations, the agreement expired at year's end. The United States and Japan also held their annual review of the 1996 insurance agreement under which Japan agreed to meet five criteria before the start of a two and one-half year period preceding liberalization of the third sector of the insurance market. In 2000, the two sides did not discuss the primary sector issue at the annual review.¹¹³ In addition to these developments, the United States continued to monitor its 63 bilateral agreements with Japan.

U.S. trade with Japan increased 11.4 percent in 2000, from \$185.3 billion in 1999 to \$206.5 billion in 2000. U.S. exports to Japan grew 11.9 percent to \$60.8 billion in 2000, and U.S. imports from Japan rose 11.3 percent to \$145.7 billion in 2000. As a result, the merchandise trade deficit with Japan increased from \$76.6 billion in 1999 to \$85.0 billion in 2000. In 2000, leading export items to Japan were cigarettes, parts for automated data processing machines, metal oxide semiconductors, parts of airplanes or helicopters, and corn. Leading imports from Japan in 2000 were motor vehicles, input-output units for automated data processing machines, metal oxide semiconductors, video cameras, and automatic data processing storage units. U.S.-Japan trade data are shown in tables A-10 through A-12.

Autos

During 2000, the United States had a record trade deficit with Japan in autos and auto parts. The U.S. trade deficit with Japan in this sector rose from \$32.9 billion in 1995 to \$39.9 billion in 1999, or by 21 percent. During 2000 the annualized automotive deficit was \$44.0 billion.¹¹⁴

During 2000, the United States attempted to negotiate an extension of the 1995 U.S.-Japan auto agreement, which was set to expire on December 31, 2000.¹¹⁵ The original agreement was intended to reduce the U.S. deficit with Japan in automobiles and parts.¹¹⁶ The United States pushed Japan to extend the agreement claiming that Japan's market was not fully open to foreign auto and parts manufacturers. Japan disagreed, saying that the market had opened up and that the agreement was no longer needed. Japan noted the equity stakes that foreign auto producers hold in seven of Japan's eleven vehicle manufacturers.¹¹⁷ In response to the United States proposal for extending the pact, Japan proposed a bilateral forum in which the two countries would meet periodically to discuss automotive-industry issues.

The pressure for renewing the 1995 agreement started in the summer of 2000. First, 36 House Democrats, including House Minority Leader Richard A. Gephardt, sent a letter

¹¹³ For more information about the insurance issue, see USITC, *The Year in Trade: OTAP 1999*, USITC publication 3336, August 2000, pp. 63-64.

¹¹⁴ U.S. Department of Commerce official statistics.

¹¹⁵ USTR, *2000 National Trade Estimate Report on Foreign Trade Barriers*, March 2000, p. 232.

¹¹⁶ For additional information on the 1995 agreement, see USITC, *The Year in Trade: OTAP, 1995*, USITC publication 2971, pp. 53-54.

¹¹⁷ *The Wall Street Journal*, "Japanese Balk at U.S. Demand to Extend Pact on Auto Trade," Dec. 21, 2000.

to United States Trade Representative Charlene Barshefsky urging her not to let the 1995 agreement lapse.¹¹⁸ Then, Senators Arlen Specter and Carl Levin of the Congressional Auto Parts Task Force wrote to President Bill Clinton strongly urging a renewal of the agreement. In their letter, the Senators noted that auto and auto parts barriers continue to remain in place and that the U.S. deficit in these two areas was growing.¹¹⁹

Bilateral negotiations regarding the agreement did not begin until autumn 2000. During October 26-27, senior USTR and Commerce officials met with their Japanese counterparts in Hong Kong. The United States noted that it wanted the 1995 agreement to be extended with the inclusion of additional objective criteria and the continued submission of voluntary plans by the Japanese auto manufacturers.¹²⁰ The U.S. request that Japan set either qualitative or numerical targets under an extended agreement was resisted by Japan.¹²¹

Expert-level negotiations were held in Seattle during November 29-30 as part of the annual review under the 1995 agreement, but failed to produce results. During the negotiations, the United States requested an extension or renewal of the 1995 agreement. However, Japan claimed that the auto market has changed dramatically since 1995, negating the need for a new one. The United States had hoped to renew the agreement to provide a framework for the next administration to be able to expand on the pact. A U.S. proposal for a 1-year extension without changes to the agreement was rejected. Consultations were to be held annually or at either government's request under the U.S. proposal.¹²²

Expert-level talks were scheduled to be held in San Francisco during December 18-19. Just days before the talks, senior U.S. officials refused to attend the meeting because they had received notice from Japan that it was unwilling to extend or renew the existing agreement.¹²³ During the San Francisco talks, Japan proposed that the purpose of a dialogue would be to exchange views on the globalization of the autos and auto parts industries, environmental issues, and advances in e-commerce and information technology.¹²⁴ Japan reiterated arguments that it had made throughout the talks that a wave of mergers had significantly blurred the lines between U.S. and Japanese companies and that e-commerce had facilitated U.S. auto parts makers' ability to sell in Japan. These developments obviated the need for measures that the

¹¹⁸ *Washington Trade Daily*, "House Democrats Write USTR on Japan Auto Pact," June 15, 2000, p. 2.

¹¹⁹ "Draft Senate Letter on Autos," letter from Arlen Specter and Carl Levin to the President, reprinted in Inside Washington Publications, *Inside U.S. Trade*, July 17, 2000.

¹²⁰ U.S. Department of State telegram, "US-Japan Talks on Autos and Auto Parts," message reference No. 57820, prepared by U.S. Department of State, Washington, D.C., Apr. 2, 2001.

¹²¹ Bureau of National Affairs, Inc. "U.S., Japan to Hold Hong Kong Meeting to Discuss 1995 Auto Agreement Extension," *International Trade Daily*, Oct. 24, 2000.

¹²² Inside Washington Publications, "Last Minute U.S. Bid to Extend Japan Auto Agreement Rejected," *Inside U.S. Trade*, Dec. 22, 2000.

¹²³ Bureau of National Affairs, Inc., "U.S., Japan Fail to Expand or Renew Pact to Boost U.S. Automotive Exports," *International Trade Daily*, Dec. 20, 2000.

¹²⁴ Inside Washington Publications, "Last Minute U.S. Bid to Extend Japan Auto Agreement Rejected," *Inside U.S. Trade*, Dec. 22, 2000.

United States had been calling for in talks, such as additional deregulation of the auto parts distribution systems. In response to the Japanese position, the United States rejected the idea that the two countries could hold consultations on auto issues without extending the terms of the current agreement. The United States continued to press for a roll-over of the current agreement, which would have allowed the two sides one year to negotiate a successor agreement. The talks ended in San Francisco without agreement, but with each country indicating that it was open to further discussions.¹²⁵ The automotive agreement expired December 31 after Tokyo refused to accept Washington's request for an extension. The two countries planned to discuss whether to enter into a new agreement after U.S. President-elect George W. Bush took office.¹²⁶

Deregulation

During 2000, the United States and Japan continued their dialogue under the 1997 U.S. Japan Enhanced Initiative on Deregulation and Competition Policy (Enhanced Initiative).¹²⁷ Several bilateral meetings were held and the United States tabled its fourth annual submission to Japan.

The Enhanced Initiative was agreed to by President Bill Clinton and Prime Minister Ryutaro Hashimoto in June 1997 at the Denver G-8 Summit and established a bilateral forum to address deregulation and market access issues in Japan. This initiative focused initially on four principal sectoral areas: telecommunications, housing, financial services, and medical devices and pharmaceuticals. In addition, the initiative addressed structural issues in the areas of competition policy, distribution, transparency, and other government practices.

In July 2000, there was disagreement between the United States and Japan about whether or not to end the Enhanced Initiative. Japan argued that the Enhanced Initiative should be terminated since there was no expiration date. Members of the House Ways and Means Committee called on Japan to continue the Enhanced Initiative and to make progress on telecommunications services. In a letter from Representatives Sander Levin and Philip Crane to Ambassador Shunji Yanai, they suggested that while there had been progress under the Enhanced Initiative, there was still "a long way to go." The letter indicated that since there was no termination date under the Initiative, it was expected that the Initiative would continue until both governments agreed that the issues had been fully addressed.¹²⁸

¹²⁵ Ibid.

¹²⁶ Tokyo Nihon Keizai Shimbun, "Auto Pact Expires After Japan Refused to Accept U.S. Call for Extension," Jan. 1, 2001. On Jan. 11, 2001, U.S. Commerce Secretary and Transportation Secretary-designate Norman Mineta indicated that the Bush Administration would take a tough approach toward bilateral auto trade and reiterated demands for an extension of the expired auto and auto parts agreement. Bureau of National Affairs, Inc., "Mineta Repeats Plea for Extension of Lapsed Auto Accord With Japan," *International Trade Daily*, Jan. 12, 2001.

¹²⁷ For additional information on the Enhanced Initiative, see USITC, *The Year in Trade: OTAP 1998*, USITC publication 3192, May 1999, pp. 62-63.

¹²⁸ Letter from Sander M. Levin and Philip M. Crane to His Excellency Shunji Yanai, June 30, 2000, reprinted in Inside Washington Publications, *Inside U.S. Trade*, June 30, 2000.

On July 19, before the G-8 summit in Okinawa, the United States and Japan released the third annual joint status report on deregulation. In announcing the package, USTR indicated that the United States wanted the deregulation talks to continue for a fourth year.¹²⁹ The package covered telecommunications, energy, housing, distribution, financial services, medical devices/pharmaceuticals, and nutritional supplement products. In the area of telecommunications, the two countries reached an agreement to reduce interconnection rates in Japan. The agreement was expected to improve U.S. and other foreign firms' access to Japan's \$130 billion telecommunications market.¹³⁰ Japan agreed to lower its rates for regional access by 50 percent over 2 years and for local access by 20 percent over 2 years. The cuts were made retroactive to April 1, 2000. A review of Nippon Telegraph and Telephone's (NTT's) interconnection rates will be conducted in 2002, based on an improved rate calculation model. Also under the agreement, there will be unbundling, or opening of new points of access to NTT's network, as well as new rules to ensure fair usage rates and conditions to allow new entrants to compete in providing high-speed Internet services.¹³¹ Finally, the ability of new entrants to build new networks will be enhanced by eliminating restrictions on new competitors' ability to construct their own networks in the most efficient way, and by removing certain road construction restrictions and promoting measures to improve access to underground tunnels controlled by NTT and electric utilities.¹³²

Under the deregulation package, Japan also agreed to take the following steps:¹³³

- on energy, Japan agreed to fully enforce measures meant to ensure fair, open, and nondiscriminatory access to its electricity transmission grid;
- on housing, Japan agreed to reduce restrictions on four-story wood-frame buildings (which could lead to greater imports of forest products);
- on medical devices and pharmaceuticals, Japan will implement specific measures to improve the transparency and expedite approval procedures for both drugs and medical devices, including increased use of foreign clinical data; and
- on distribution, Japan committed itself to ensure the large-scale retail store law be implemented in a consistent, transparent, and fair manner.

Japan also agreed to take steps towards reform in the areas of financial services, insurance, competition policy, transparency of the regulatory system, and legal services. These measures are intended to support continued recovery of the Japanese economy and to provide Japanese consumers greater choice and more innovative new products.¹³⁴

¹²⁹ *Kyodo*, "U.S. Wants Continued Talks with Japan Over Telecommunications," July 19, 2000.

¹³⁰ USTR, "United States and Japan Agree on Interconnection Rates," press release 00-55, July 18, 2000.

¹³¹ *Ibid.*

¹³² USTR, "Barshefsky Hails Significant Achievements Under Enhanced Deregulation Initiative," press release 00-56, July 19, 2000.

¹³³ *Kyodo*, "Japan, U.S. Release Joint Deregulation Package," July 19, 2000.

¹³⁴ USTR, "Barshefsky Hails Significant Achievements Under Enhanced Deregulation Initiative," press release 00-56, July 19, 2000.

On July 22, President Bill Clinton and Japan's Prime Minister Yoshiro Mori agreed to extend the Enhanced Initiative by one year.¹³⁵ In line with that commitment, the two countries held a 2-day working level meeting in October to exchange recommendations on deregulation. On October 12, the United States submitted its fourth Annual Submission on Deregulation and Competition Policy, a 49-page report covering 53 issues in 10 sectors. The report pressured Japan to "undertake sweeping reforms."¹³⁶ Among the requests that the United States made was that Japan revise its commercial code to make corporate boards more independent of management and accountable to shareholders; eliminate restrictions on corporate capital structure and financing flexibility; coordinate its accounting with international standards; and preserve an effective shareholder derivative lawsuit system.¹³⁷

From December 6 to 7, the United States and Japan held subcabinet level meetings under the Enhanced Initiative in Washington to discuss structural and regulatory issues. The main topics covered were telecommunications, information technology, the commercial code, and energy. One of the main telecommunications issues was interconnection costs and dominant carrier regulation. The main information technology topic was identifying broader impediments to Japan's ability to fully derive the benefits of a digital economy. The primary focus of commercial code discussions was to urge Japan to remove unnecessary restrictions on corporations. With regard to energy, the focus was liberalization of Japan's electricity and gas markets. At the conclusion of the talks, Richard Fisher, Deputy USTR and lead negotiator for the United States, indicated that he expected the deregulation talks to continue during the next Administration.¹³⁸

China

Following the November 15, 1999 bilateral agreement with the United States, China continued its bid to join the WTO. China signed a bilateral WTO agreement with the European Union on May 19, 2000, and has completed agreements with all other WTO working party member countries, except Mexico. On October 10, 2000, the President signed a law effectively ratifying the November agreement and establishing permanent normal trade relations (PNTR) with China by terminating application of the Jackson-Vanik Amendment to China, should it accede to the WTO.¹³⁹ Other ongoing

¹³⁵ *Kyodo*, "U.S. Wants Continued Talks With Japan Over Deregulation," July 19, 2000.

¹³⁶ USTR, "United States Calls on Japan to Undertake Sweeping Reforms in Fourth Annual Submission on Deregulation and Competition Policy," press release 00-72, Oct. 12, 2000.

¹³⁷ Bureau of National Affairs, Inc., "U.S., Japan Discuss Deregulation of Telecommunications, Commercial Code," *International Trade Daily*, Nov. 1, 2000.

¹³⁸ Federal News Service, "Teleconference call with Deputy U.S. Trade Rep. Richard Fisher," Dec. 7, 2000.

¹³⁹ The White House, Office of the Press Secretary, "Remarks by the President, Secretary of State Madeleine Albright, Speaker of the House Dennis Hastert, Senator William Roth, Representative Bill Archer, Senator Patrick Moynihan, and Congressman Charles Rangel at the Signing of China Permanent Normal Trade Relations," press release, Oct. 10, 2000.

issues between the United States and China include implementation of the 1999 Agreement on U.S.-China Agricultural Cooperation, bilateral discussions of China's protection of intellectual property rights (IPR) and the decision of USTR to monitor China under section 306 of the Trade Act of 1974,¹⁴⁰ investigations into textile transshipments, and various technical issues related to China's entry into the WTO.

The U.S. merchandise trade deficit with China measured \$84.2 billion in 2000, a 22 percent increase over 1999. Total U.S. exports to China increased 24 percent in 2000 to \$15.3 billion, while U.S. imports rose 22 percent to \$99.6 billion. China ranked fourth in terms of total trade turnover with the United States in 2000, behind Canada, Mexico, and Japan. Leading U.S. exports to China included airplanes, soybeans, and fertilizers. Leading U.S. imports from China included input and output units for automated data processing machines, parts and accessories for automated data processing machines, and footwear. U.S.-China trade data are shown in tables A-13 through A-15.

Total Chinese exports to the world increased by over 30 percent in 2000, reaching almost \$250 billion.¹⁴¹ China's trade surplus with the world totaled almost \$25 billion in 2000.¹⁴² Reasons for the increase in exports include the recovery of important Asian markets, a diversification of Chinese exports, and continued value-added-tax rebates.¹⁴³ The export increase helped push official GDP growth in China to 8.0 percent, and reversed a slowdown in China's economic growth that started at the beginning of the 1990s.¹⁴⁴ Other factors for the apparent turnaround in GDP include increased government investment in infrastructure and policies that have helped stimulate urban consumer demand.¹⁴⁵

China's Bid for WTO Accession

Agreement with the United States

On November 15, 1999, the United States Trade Representative and the National Economic Council Director announced the successful completion of the U.S.-China

¹⁴⁰ Monitoring of China under Section 306 means that USTR will be in a position to move directly to trade sanctions if there is slippage in China's enforcement of its bilateral IPR agreements with the United States.

¹⁴¹ U.S. Department of State telegram, "2001 National Trade Estimate for China," message reference No. 01367, prepared by the U.S. Embassy, Beijing, China, Feb. 15, 2000.

¹⁴² U.S. Department of State telegram, "Chinese Trade Diversifying: Less Vulnerable to Fluctuations in the U.S. Economy," message reference No. 00724, prepared by the U.S. Embassy, Beijing, China, Jan. 29, 2001.

¹⁴³ China imposes a VAT tax on production of goods, but offers preferential rebates if the goods produced are exported. Examples of goods with significant VAT rebates include machinery, electronics, textiles, shoes, and toys. For some items, exporters receive a 100 percent VAT rebate. U.S. Department of State telegram, "Chinese Trade Diversifying: Less Vulnerable to Fluctuations in the U.S. Economy," message reference No. 00724, prepared by the U.S. Embassy, Beijing, China, Jan. 29, 2001.

¹⁴⁴ U.S. Department of State telegram, "2001 National Trade Estimate for China," message reference No. 01367, prepared by the U.S. Embassy, Beijing, China, Feb. 15, 2000.

¹⁴⁵ U.S. Department of State telegram, "2001 National Trade Estimate for China," message reference No. 01367, prepared by the U.S. Embassy, Beijing, China, Feb. 15, 2001.

bilateral talks on China's accession to the WTO.¹⁴⁶ The agreement included provisions on the protocol of accession, antidumping and subsidies methodology, product-specific safeguards, state-owned enterprises, agriculture, industrial products, tariffs, quotas and licenses, distribution rights, services, grandfathering of certain legal provisions, telecommunications, insurance, banking, securities, professional services, motion pictures, textiles, and other measures.¹⁴⁷ The agreement addresses the special characteristics of the Chinese economy, including a ban on forced technology transfer, provisions on state trading and investment policies, local content requirements, offsets, and export performance requirements. The agreement also provides protections against an import surge of Chinese products in the United States.¹⁴⁸

China's grant of normal trade relations (NTR) tariff treatment has been subject to annual renewal in the United States. To maintain NTR treatment for China, the President must waive section 402 of the 1974 Trade Act, the Jackson-Vanik Amendment. President Clinton notified Congress of his decision to waive Jackson-Vanik on March 8, 2000.¹⁴⁹ On May 15, 2000, H.R. 4444 was introduced. The bill passed the House on May 24¹⁵⁰ and the Senate on September 19.¹⁵¹ The bill effectively establishes permanent normal trade relations (PNTR) with China by terminating application of the Jackson-Vanik Amendment to China, should it accede to the WTO.¹⁵² On October 10, 2000, President Clinton signed the bill into law, and announced that, "this is a great day for the United States, and a hopeful day for the 21st century world. This signing ceremony marks the culmination of efforts begun almost 30 years ago by President Nixon; built on by President Carter who normalized our relations with China, pursued firmly by presidents of both parties—to normalize ties with China in ways that preserve our interests and advance our values."¹⁵³ The

¹⁴⁶ USTR, "U.S., China Sign Historic Trade Agreement," press release 99-95, Nov. 15, 1999.

¹⁴⁷ For a summary of the U.S.-China WTO agreement, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 65-69. Also see USTR, "Summary of U.S.-China Bilateral WTO Agreement," Feb. 2, 2000.

¹⁴⁸ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 150.

¹⁴⁹ U.S. Department of State, "Clinton Transmittal Legislation on China Permanent NTR Status," found at Internet address, <http://www.usinfo.state.gov>, retrieved Mar. 26, 2001. Also see Inside Washington Publications, "House Rules Committee Chairman on Clinton's Proposed Jackson-Vanik Waivers," *Inside U.S. Trade*, June 2, 2000.

¹⁵⁰ USTR, "USTR Barshefsky Praises House Passage of PNTR for China," press release 00-40, May 24, 2000.

¹⁵¹ USTR, "USTR Barshefsky Praises Senate Passage of PNTR for China," press release 00-63, Sept. 19, 2000.

¹⁵² In section 102, part (a), bill H.R. 4444 sets an effective date of nondiscriminatory treatment as "no earlier than the effective date of the accession of the People's Republic of China to the World Trade Organization." In part (b) the bill sets the termination of applicability of Title IV of the Trade Act of 1974 (the Jackson-Vanik Amendment) as the same day. See H.R. 4444, "An Act: To authorize extension of nondiscriminatory treatment (normal trade relations treatment) to the People's Republic of China, and to establish a framework for relations between the United States and the People's Republic of China," enacted by the U.S. Congress, Sept. 19, 2000.

¹⁵³ The White House, Office of the Press Secretary, "Remarks by the President, Secretary of State Madeleine Albright, Speaker of the House Dennis Hastert, Senator William Roth, Representative Bill Archer, Senator Patrick Moynihan, and Congressman Charles Rangel at the Signing of China Permanent Normal Trade Relations," press release, Oct. 10, 2000.

President emphasized the positive effect that China's WTO membership would have on U.S. exports.¹⁵⁴ United States Trade Representative Charlene Barshefsky said the signing "marks a new era in our relations with China," and that China's accession "will provide tremendous new economic opportunities for our workers, farmers, and businesses."¹⁵⁵

Because the China PNTR legislation takes effect only upon China's entry into the WTO, it is possible the U.S. Congress will vote again in 2001 for its regular annual review of normal trade relations with China. Once China is a member of the WTO, annual renewal will not be required.¹⁵⁶

In a related matter, on May 3, 2000, the Clinton Administration also proposed a new monitoring program to ensure that China complies with its WTO agreement with the United States. The five-step plan included an increase in funding for China monitoring. The plan was outlined by U.S. Commerce Secretary William Daley, and included:¹⁵⁷

- A rapid-response compliance team working in the United States and China;
- A comparative law dialogue and technical assistance;
- Tighter deadlines to investigate market access and commercial problems;
- China-specific WTO training and an export promotion program; and
- China-specific trade enforcement and statistical monitoring.

China's Agreement with the European Union

In another major step towards China's accession to the WTO, the European Union and China signed a separate bilateral agreement on May 19, 2000.¹⁵⁸ The agreement met EU political requirements that all member states obtain some benefit beyond those in the U.S.-China Bilateral Agreement of November 1999, according to EU officials.¹⁵⁹

¹⁵⁴ On December 18, 1998, the Office of the President and the U.S. Trade Representative requested a study be conducted by the U.S. International Trade Commission on the effects of China's entry into the WTO. See USITC, *Assessment of the Economic Effects on the United States of China's Accession to the WTO* (investigation No. 332-403, USITC publication 3229, September 1999. Also see USTR, "Summary of U.S.-China Bilateral WTO Agreement," Feb. 2, 2000.

¹⁵⁵ USTR, "USTR Barshefsky Applauds the Signing of PNTR Legislation for China," press release 00-70, Oct. 10, 2000.

¹⁵⁶ Senator Max Baucus, speech at the Nixon Center in Washington, D.C., Feb. 28, 2001.

¹⁵⁷ U.S. Department of State, "Commerce Department Announces China Trade Compliance Plan," May 3, 2000, found at Internet address <http://www.usinfo.state.gov>, retrieved Mar. 26, 2001.

¹⁵⁸ For complete details of the China-EU agreement, see WTO, "Language for Draft Protocol and Working Party Report Emanating from the EU-China Bilateral Agreement," June 15, 2000. Also see European Commission Delegation, "EU-China Agreement on WTO," May 19, 2000, found at Internet address <http://www.eurunion.org>, retrieved Apr. 2, 2001. Also see Embassy of the People's Republic of China in the United States of America, "China, EU Sign Bilateral Agreement on China's WTO Entry," press release, May 19, 2000, found at Internet address <http://www.china-embassy.org>, retrieved Jan. 30, 2001.

¹⁵⁹ U.S. Department of State telegram, "China's Deal with EU on WTO: EU Commission Enthusiastic, U.S. Business Optimistic," message reference No. 04770, prepared by the U.S. Embassy, Beijing, China, May 22, 2000.

Some examples of benefits for EU member countries, which would be extended to all WTO member countries,¹⁶⁰ included:

- Tariff cuts on textiles (UK, Italy);
- Tariff cuts on cosmetics (France);
- Tariff cuts on wine (France, Italy, Germany);
- Tariff cuts on gin (UK);
- Tariff cuts on whiskey and cognac (UK and France);
- Tariff cuts on marble (Italy);
- Opening Zhuhai special economic zone to local currency banking (Portugal);
- Expanding nonbank financing for passenger vehicles to all motor vehicles (Sweden and Germany);
- Accelerated telecommunications liberalization (France, Germany, Italy, Spain, Finland);
- More insurance licences (UK, France, the Netherlands, and others);
- Liberalization of legal services (UK, France, and the Netherlands); and
- Liberalization of distribution services (France, Sweden).

The agreement would reduce import tariffs on over 150 leading European exports, including machinery, ceramics and glass, textiles, clothing, footwear and leather goods, cosmetics, and spirits. The tariff levels agreed to were generally 8 to 10 percent.¹⁶¹ EU Commissioner Lamy had previously declared publicly the EU goal of majority foreign ownership of telecommunications operations in China.¹⁶² However, the final agreement retained the 49 percent ownership restriction outlined in the U.S.-China agreement. The new provision would allow 25 percent foreign ownership upon China's accession, 35 percent after one year, and 49 percent after 3 years.¹⁶³

Remaining Steps Before WTO Accession

By the end of 2000, China had signed bilateral agreements with every WTO member except Mexico.¹⁶⁴ In addition to completing an agreement with Mexico, China must reach agreement with the China WTO Working Party on the application of WTO rules

¹⁶⁰ For a comparison of the EU-China WTO agreement and the U.S.-China WTO agreement of November 1999, refer to The China Business Review, "The EU-China WTO Deal Compared," July-Aug. 2000, found at Internet address <http://www.chinabusinessreview.com>, retrieved Mar. 30, 2001.

¹⁶¹ European Commission Delegation, "EU-China Agreement on WTO," news release No. 23/00, May 19, 2000, found at Internet address <http://www.eurunion.org>, retrieved Mar. 6, 2001.

¹⁶² The China Business Review, "The EU-China WTO Deal Compared," July-Aug. 2000 issue, found at Internet address <http://www.chinabusinessreview.com>, retrieved Mar. 6, 2001.

¹⁶³ U.S. Department of State telegram, "EU-WTO Deal with China," message reference No. 02976, prepared by U.S. Embassy, Beijing, China, May 5, 2000.

¹⁶⁴ *Washington Post*, "China May Delay Joining WTO," Feb. 27, 2001. Mexico's Ministry of the Economy has been busy recently negotiating free trade agreements with the European Union, Israel, and the Central American countries of Guatemala, Honduras, and El Salvador. Mexican industry has voiced

and any special provisions that may apply to China. After agreement is reached on a draft Protocol of Accession, the Working Party report, and market-access schedules, the Working Party submits its report to the WTO General Council, which must approve the terms and conditions of accession. An approval is often by consensus, but any member country can call for a vote on the accession, which must pass by a two-thirds majority.¹⁶⁵ Finally, the Chinese legislature must vote to accept the WTO membership terms.¹⁶⁶

Recently, WTO Working Group talks in Geneva have slowed over the issue of export subsidies and government agricultural support payments. Beijing has insisted that China should be designated a developing economy, which would allow it to continue support payments for its farming sector. The United States and other countries maintain that the large scale of China's international trade means it should be treated as a developed nation and prohibited from using domestic agricultural subsidies.¹⁶⁷ China abolished most direct subsidies for exports on January 1, 1991, but the United States has expressed concerns that indirect subsidies continue through guaranteed provision of energy, raw materials, or labor supplies. Exports of several agricultural products, such as corn and cotton, still benefit from direct export subsidies. Other indirect subsidies include credit lines and loans available at preferential interest rates.¹⁶⁸

At the 15th session of China's WTO Working Party, Chief Trade Negotiator Long Yongtu noted that China has 900 million farmers, making agriculture an important sector in maintaining social stability and economic development.¹⁶⁹ During the March 2001 opening of the National People's Congress in Beijing, Premier Zhu Rongji unveiled China's 10th Five-Year Plan, pledging to give the market a greater role in driving economic growth.¹⁷⁰ Premier Zhu said the country must promote private business, but also emphasized how low and falling rural incomes could trigger unrest in the countryside. Premier Zhu promised to focus on raising farmers' incomes and to buy grain from farmers at "protective prices."¹⁷¹

¹⁶⁴—*Continued*

concerns over inexpensive Chinese goods entering the country, pointing out that the Mexican Government has imposed compensatory duties on 1,300 tariff lines of Chinese products under its antidumping laws. See U.S. Department of State telegram, "Mexico and China's Accession to the WTO," message reference No. 04914, prepared by the U.S. Embassy, Beijing, China, June 1, 2000.

¹⁶⁵ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, pp. 150-151.

¹⁶⁶ *The Asian Wall Street Journal*, "Beijing, U.S. Accelerate WTO Push as Worries Deepen," Jan. 15-21, 2001, p. 1.

¹⁶⁷ Bureau of National Affairs, Inc., "WTO: China's Top Trade Negotiator Warns WTO Not to Push Too Hard on Market Opening," *International Trade Daily*, Feb. 28, 2001.

¹⁶⁸ U.S. Department of State telegram, "2001 National Trade Estimate for China," message reference No. 01367, prepared by the U.S. Embassy, Beijing, China, Feb. 15, 2001.

¹⁶⁹ *China Daily*, "WTO Accession Talks Make Progress," Jan. 19, 2001. Official Chinese newspaper, found at Internet address <http://www.chinadaily.com.cn>, retrieved Mar. 8, 2001.

¹⁷⁰ *The Wall Street Journal*, "China to Loosen the Economic Reins a Bit More," Mar. 6, 2001, p. 7.

¹⁷¹ *The Washington Post*, "China Premier Pledges To Aid Farmers," Mar. 5, 2001, found at Internet address <http://www.washingtonpost.com>, retrieved Mar. 5, 2001.

Agriculture

In 2000, there were repeated bilateral talks between the United States and China regarding China's compliance with previous agricultural trade agreements.¹⁷² In particular, USTR has expressed concern over Chinese compliance with the 1999 Agreement on U.S.-China Agricultural Cooperation,¹⁷³ which lifted longstanding prohibitions on the export of U.S. citrus, grain, beef, and poultry to China.¹⁷⁴

Under the agreement, China agreed to recognize the U.S. inspection system for meat and poultry, and agreed not to require plant-by-plant approvals of U.S. poultry processing plants. In 2000, however, China raised five concerns with imported U.S. chicken meat, including labeling, water content, feather and down remnants, freezer burn, and grading.¹⁷⁵ On December 1, 2000, China implemented new poultry import restrictions, limiting to four the number of Chinese ports authorized to handle poultry shipments. Shipments appear to have continued to get through despite the restrictions, but Hong Kong traders have expressed unwillingness to ship poultry to China under these conditions.¹⁷⁶

In the 1999 bilateral agreement, China also agreed to remove phytosanitary barriers to citrus exports from Arizona, California, Florida, and Texas over a 2-year phase-in period. The first shipments were accepted on schedule, but China delayed implementation for shipments from counties in California and Florida for 3 months beyond the October 2000 deadline. The agreement for these counties was implemented on January 18, 2001.¹⁷⁷

China also agreed under the agricultural agreement to remove phytosanitary barriers to wheat and other grains from the U.S. Pacific Northwest beginning in April 1999.¹⁷⁸ China had banned such imports for over 26 years for scientific reasons that were questioned by the United States.¹⁷⁹ In a bilateral meeting on December 13, 2000, U.S. officials claimed that U.S. wheat and barley from the Pacific Northwest continue to face Chinese restrictions related to TCK¹⁸⁰ tolerance levels. The Chinese maintained there must be some sort of misunderstanding, and that over 130,000 tons of wheat and barley from the Pacific Northwest had been imported since the agricultural agreement

¹⁷² USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 151.

¹⁷³ USTR, "U.S., China Sign Bilateral Agriculture Agreement," press release 99-36, Apr. 10, 1999.

¹⁷⁴ For more details on the Agreement on U.S.-China Agricultural Cooperation, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, August 2000, p. 65.

¹⁷⁵ U.S. Department of State telegram, "Chinese Quarantine Officials Discuss Problems with U.S. Chicken," message reference No. 04110, prepared by the U.S. Embassy, Beijing, China, May 4, 2000.

¹⁷⁶ U.S. Department of State telegram, "China Won't Commit to Removing Poultry Restrictions," message reference No. 11975, prepared by the U.S. Embassy, Beijing, China, Dec. 6, 2000.

¹⁷⁷ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 151.

¹⁷⁸ *Ibid.*

¹⁷⁹ USTR, "China Opens its Market to Imports of U.S. Citrus, Meat, and Wheat," press release 00-20, Mar. 22, 2000.

¹⁸⁰ *Tilletia controversa Kuhn* (TCK). In the United States, TCK sporadically infects winter wheat crops in the Pacific Northwest. See National Association of Wheat Growers, Internet address <http://www.wheatworld.org/>.

was established. The Chinese said that the United States has more experience in inspecting for TCK spores, and that China had deferred to the United States in setting the 30,000 spore per 50 grams tolerance level.¹⁸¹ The two countries continue to discuss the issue.

During the year, U.S. officials pressed the Chinese for a commitment to resolve the issue of the ban on Chinese imports of U.S. tobacco, another issue addressed under the agricultural agreement. China had restricted tobacco imports based on fears of tobacco blue mold.¹⁸² The Chinese State Administration for Entry-Exit and Quarantine agreed to provide written commitment to removal of the import restrictions,¹⁸³ and agreed in a July 2000 Memorandum of Understanding with the U.S. Department of Agriculture to complete a tobacco blue mold risk assessment by October 15, 2000. China later warned that it would miss this deadline.¹⁸⁴

Despite the discussions over compliance, China maintains that it is working to resolve outstanding problems with imports of citrus, barley, poultry, and tobacco. China stressed that it is still committed to implementing the 1999 Agreement on U.S.-China Agricultural Cooperation, and hoped the issues could be resolved at the "expert" level of working level trade officials.¹⁸⁵

Intellectual Property Rights and Special 301

For over a decade, the United States and China have been engaged in discussions regarding improvement of China's protection of intellectual property. In 1992, the two countries reached an agreement on protections for U.S. inventions and copyrighted works. A second agreement in 1995 focused on IPR enforcement and market access issues. Based on the 1995 agreement, China developed a basic infrastructure for IPR protection. The agreement also provided a basis for China's commitment to implement the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) upon accession to the WTO. The United States has been urging China to complete a comprehensive amendment to its copyright laws to implement two copyright-related agreements negotiated under the World Intellectual Property Organization. China has signed these agreements, but has not yet ratified them.¹⁸⁶

¹⁸¹ U.S. Department of State telegram, "In Senator Baucus Meeting, Agriculture Vice Minister Expresses Doubts about TCK Tolerance Level for U.S. Wheat," message reference No. 12382, prepared by the U.S. Embassy, Beijing, China, Dec. 19, 2000.

¹⁸² U.S. Department of State telegram, "Tobacco Blue Mold," message reference No. 096870, prepared by the U.S. Embassy, Beijing, China, May 22, 2000.

¹⁸³ U.S. Department of State telegram, "Chinese Response to High Level Washington Demarche on Tobacco Blue Mold," message reference No. 04833, prepared by the U.S. Embassy, Beijing, China, May 23, 2000.

¹⁸⁴ U.S. Department of State telegram, "China Will Not Meet Tobacco Blue Mold Deadline," message reference No. 10286, prepared by the U.S. Embassy, Beijing, China, Oct. 13, 2000.

¹⁸⁵ U.S. Department of State telegram, "MOFTEC 'Redoubling Efforts' to Resolve Ag. Issues," message reference No. 00184, prepared by the U.S. Embassy, Beijing, China, Jan. 8, 2001.

¹⁸⁶ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 152.

On May 1, 2000, USTR announced the results of the Special 301 Review held in 2000. In response to concerns over China's IPR protection system, the announcement states that the United States will continue to monitor China under section 306 of the 1974 Trade Act for compliance with commitments made to the United States under bilateral IPR agreements.¹⁸⁷ One of the concerns is the production and importing of pirated products in China. U.S. companies report that retail piracy and counterfeit goods remain widespread in China, in part because of a lack of enforcement and criminal penalties.¹⁸⁸

There has been significant improvement in some aspects of China's IPR protection. In 2000, China improved its legal framework considerably, and is further revising its copyright and trademark laws to bring them into full compliance with TRIPs. In mid-2000, China's Trademark Office ordered local and provincial branches to increase trademark enforcement in preparation for China's WTO accession. Trademark Office officials admitted that China's current levels of enforcement and sanctions were inadequate to curb China's counterfeiting problem, blaming much of the problem on well-organized international gangs operating in China.¹⁸⁹

On August 25, 2000, China's National People's Congress passed a revision of China's patent law designed to enhance the role of patents in technical innovation. The new law increases patent protection, simplifies the patent examination and issuance process, and amends the law to bring it into closer conformity with TRIPs. Amendments to the patent law also aim to strengthen patent enforcement, authorizing authorities to confiscate income from infringing products and impose fines on violators. In parallel, a law was passed in mid-June 2000 that allows for tougher punishment against producers and sellers of fake and shoddy goods. Finally, in a report released by the State Administration for Industry and Commerce, local administrations across China increased trademark violation cases by 16 percent in one year, bringing the nationwide total to 665 cases.¹⁹⁰

There were several high-profile enforcement actions in 2000. In late July, antipornography and piracy officials destroyed seven illegal optical disk production lines, including two DVD production lines, and arrested 23 suspects. Those charged will be prosecuted under China's criminal law, while those who helped in uncovering the secret production facilities received cash awards of more than \$73,000. The raid was the largest antipiracy operation in China to date, and involved 630 law-enforcement officers in seven locations around Guangdong Province. The raid itself confirmed the existence of DVD production lines in mainland China, a development long feared by the U.S. film industry.¹⁹¹

¹⁸⁷ U.S. Department of State telegram, "Special 301 Notification," message reference No. 081089, prepared by the U.S. Department of State, Washington, D.C., Apr. 29, 2000.

¹⁸⁸ USTR, "2000 Special 301 Report," May 1, 2000, found at Internet address <http://www.ustr.gov>, retrieved Jan. 25, 2001.

¹⁸⁹ U.S. Department of State telegram, "China IPR: Trademark Office Preparing for WTO," message reference No. 07298, prepared by the U.S. Embassy, Beijing, China, July 20, 2000.

¹⁹⁰ U.S. Department of State telegram, "China IPR: Growing Attention to Worsening Problem," message reference No. 09730, prepared by the U.S. Embassy, Beijing, China, Sept. 22, 2001.

¹⁹¹ *Ibid.*

On October 26, 2000, Chinese Vice Minister Wu Banguo called on all provincial leaders to conduct a nationwide campaign against counterfeit products. The government formed a new National Anti-Counterfeiting Coordination Committee to direct operations and report directly to Vice Minister Wu. The State Council specifically identified as a major target of the campaign those cases reported by foreign-invested enterprises, including those from the United States. U.S. business reaction to the announcement was very positive, although they encourage more legal reforms and increased use of criminal sanctions.¹⁹²

On November 21, 2000, a Beijing intermediate court ruled in favor of U.S. companies Dupont and Proctor and Gamble, and extended the scope of China's existing trademark law to the Internet. The court ruled in favor of suits aimed at stopping "cybersquatters" from registering company trademarks as Internet domain names in China.¹⁹³ Other significant IPR improvements in 2000 included increased publicity for IPR, and IPR training programs sponsored by the United States and the European Union.¹⁹⁴

Other Issues

On November 7, 2000, the Chinese Government issued new rules governing Internet-based news providers. The regulations were jointly issued by the Information Office of the State Council and the Ministry of Information Industries, and specified that all web sites engaged in news dissemination in China would be supervised by the Information Office. Among other things, the new rules stipulate that no China-based web sites will be allowed to link to overseas news web sites or carry news from such web sites, including those in the United States, without approval by the State Council.¹⁹⁵

On December 6, 2000, the U.S. Committee for the Implementation of Textile Agreements¹⁹⁶ reduced China's year 2000 import quotas as a penalty for illegal transshipment procedures.¹⁹⁷ The interagency committee finalized the decision with a directive to the U.S. Customs Service, ending several Customs investigations being conducted in China. After discussions with U.S. embassy officials, the Chinese confirmed that China had no immediate plans to take any action in response.¹⁹⁸

¹⁹² U.S. Department of State telegram, "China IPR: Vice Premier Announces Major Campaign," message reference No. 10981, prepared by the U.S. Embassy, Beijing, China, Nov. 3, 2001.

¹⁹³ U.S. Department of State telegram, "China IPR: Court Protects Trademarks on Internet," message reference No. 11827, prepared by the U.S. Embassy, Beijing, China, Dec. 1, 2000.

¹⁹⁴ U.S. Department of State telegram, "China IPR: Growing Attention to Worsening Problem," message reference No. 09730, prepared by the U.S. Embassy, Beijing, China, Sept. 22, 2001.

¹⁹⁵ U.S. Department of State telegram, "2001 National Trade Estimate for China," message reference No. 01367, prepared by the U.S. Embassy, Beijing, China, Feb. 15, 2001. Also see U.S. Department of State telegram, "China's Internet 'Information Skirmish,'" message reference No. 00572, prepared by the U.S. Embassy, Beijing, China, Jan. 20, 2001.

¹⁹⁶ The Committee for the Implementation of Textile Agreements (CITA) is an interagency group that administers the U.S. textile and apparel trade agreements program.

¹⁹⁷ CITA, "New Transshipment Charges for Certain Cotton, Wool, Man-Made Fiber Textiles and Textile Products, Produced or Manufactured in the People's Republic of China," 65 F.R. 77592.

¹⁹⁸ U.S. Department of State telegram, "Textile Transshipments—China Reserves the Right to \$Take Action,'" message reference No. 12113, prepared by the U.S. Embassy, Beijing, China, Dec. 11, 2000.

Leaders from the 10 ASEAN countries as well as China, Japan, and South Korea met in Singapore in November 2000. In a forum that has become informally known as "ASEAN Plus 3," representatives from the 13 countries reached several agreements, including an "e-ASEAN" agreement on electronic commerce, a regional Currency Swap Crisis Pact, and a proposal to study the impact of creating an ASEAN free-trade area that would include China, Japan, and South Korea.¹⁹⁹

Taiwan

In 2000, Taiwan continued preparations for accession to the WTO, passing dozens of trade law revisions to implement commitments made in bilateral and multilateral WTO negotiations. A number of bills remain to be passed by Taiwan's legislature. In the past year, Taiwan also has introduced broad measures to improve its investment climate and protection of intellectual property rights. Taiwan hopes to attract more investment from the United States and other countries, and has increased its efforts in commercial and trade law enforcement. Other developments in 2000 included a major legal training seminar to prepare judges and lawyers for WTO membership, proposed changes to Taiwan's motion picture laws, the expansion of Taiwan's list of commodities under mandatory import inspection, and proposed changes to Taiwan's tariff system for tobacco and alcohol.

Taiwan is the United States' eighth largest trading partner in terms of total trade turnover. During 2000, the U.S. merchandise trade deficit with Taiwan measured \$18.0 billion. In the same period, U.S. exports to Taiwan totaled \$22.4 billion, and U.S. imports from Taiwan measured \$40.4 billion. Leading U.S. exports to Taiwan included electronic integrated circuits and other electrical machinery and equipment, machinery and mechanical appliances, computer equipment, and airplanes and parts. Leading U.S. imports from Taiwan included automatic data processing machines and parts, electronics, and broadcasting equipment. U.S.-Taiwan trade data are shown in tables A-16 through A-18.

Bid for WTO Accession

Taiwan has completed its bilateral WTO talks with each of the 30 trading partners that had requested bilateral negotiations, and all except Hong Kong have signed formal agreements.²⁰⁰ Taiwan's Ministry of Economic Affairs believes Taiwan will be able to

¹⁹⁹ U.S. Department of State telegram, "Singapore-ASEAN and ASEAN Plus Three Meet to Discuss Regional Integration," message reference No. 03156, prepared by the U.S. Embassy, Beijing, China, Nov. 28, 2000. Also refer to Michael Barry, "ASEAN Free-Trade Area Discussions Include China, Japan, and South Korea," USITC, *International Economic Review*, Feb.-Mar. 2001.

²⁰⁰ For more information on the U.S.-Taiwan bilateral WTO agreement, see USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, August 2000, pp. 72-73.

accede to the WTO, despite Hong Kong's refusal to sign an agreement. The Ministry is working with Taiwan's Legislative Yuan on passage of 10 remaining WTO-related bills by Spring 2001. These and dozens of other bills already enacted aim to ensure that Taiwan's trade laws and practices meet WTO membership requirements.

According to a legal specialist at the Taiwan Board of Foreign Trade, Taiwan officials have committed to amend 49 laws and regulations as a result of its bilateral and multilateral negotiations. Changes to 39 of these laws have already been enacted, including the following measures:²⁰¹

- Copyright, patent, and trademark laws;
- Economic processing zones;
- Food management law;
- Tariff reduction law for 1,130 import items;
- Organizational laws in agriculture, health, food sanitation and commodity inspection;
- Government procurement law and law for administration of national enterprises;
- Securities and exchanges law;
- Laws for architecture, law practice, accountancy, telecommunications, and pharmaceuticals;
- Foreign trade law;
- Central bank law and banking law;
- Standards law;
- Tax laws;
- Commercial harbor law;
- Immunity law; and
- Publication law.

One of the remaining 10 bills proposed is a comprehensive revision of Taiwan's import schedule, and is expected to be submitted to the Legislative Yuan by the Ministry of Finance in early to mid-2001. The tariff revision includes tariff quotas, a two-tier tariff system that combines in-quota and out-of-quota tariffs (notably on agricultural commodities), and other tariff reductions that were explicitly agreed to during bilateral talks with the 30 trading partners.

²⁰¹ U.S. Department of State telegram, "Progress Report on Taiwan's Legislative Passage of WTO-Related Laws," message reference No. 040903, prepared by the American Institute in Taiwan, Jan. 10, 2001.

The nine other WTO-related bills waiting for legislative approval include:²⁰²

- A separate tariff reduction law for duties on 750 imports items;
- Civil aviation law, which relaxes foreign ownership restrictions;
- A legal practice law, which relaxes restrictions on foreign attorneys practicing in Taiwan;
- Commodity tax law, which lowers the tax on certain passenger cars from 60 percent to 35 percent, and removes certain tax breaks on domestic automotive production;
- Law on science-based industrial parks;
- Commercial port law;
- Law covering management of economic processing zones;
- Movie law, which relaxes local-content requirements; and
- Food management law, which minimizes price differentials between domestic and imported rice.

Currently, Taiwan's average nominal tariff rate is 8.26 percent; however, some imports (mostly agricultural products) face tariffs exceeding 20 percent. In total, Taiwan has promised to cut tariffs in 4,491 import categories, including 3,470 industrial products and 1,021 agricultural products. Taiwan has targeted a 5.69 percent average nominal tariff rate for 2 years after its WTO accession.²⁰³ The timing of Taiwan's WTO accession will be influenced by the timing of China's WTO accession.²⁰⁴

Policies Affecting the Investment Climate

Taiwan has recently increased efforts to improve its investment climate and protection of intellectual property rights. At the Taiwan National Economic Development Conference in January 2001, Premier Chang Chun-hsiang announced ten policy

²⁰² U.S. Department of State telegram, "Progress Report on Taiwan's Legislative Passage of WTO-Related Laws," message reference No. 040903, prepared by the American Institute in Taiwan, Jan. 10,

²⁰³ U.S. Department of State telegram, "Taiwan/WTO: BOFT Says Taiwan is an Overall Winner after WTO Accession," message reference No. 090817, prepared by the American Institute in Taiwan, June 15,

²⁰⁴ As a specialized United Nations agency, the GATT (the WTO's predecessor organization) acknowledged UN General Assembly Resolution 2758 of Oct. 5, 1971, recognizing only one China. Although some GATT members considering Chinese Taipei's (Taiwan's) application interpreted this resolution to mean that Chinese Taipei should not accede to the GATT before the People's Republic of China, other members did not agree. Nonetheless, both sides agreed to establish the Working Party on the Accession of Chinese Taipei in 1992. See also USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 72-74.

conclusions for improving the investment and business environment in Taiwan, with the hope of attracting more foreign investment from the United States and other countries. These conclusions included:²⁰⁵

- Infrastructure initiatives, including an electric power generation program, electricity transmission substations, and laws on electricity distribution. Another initiative aims at management of industrial and residential water supply.
- Labor initiatives, which will relax restrictions on the employment of foreign white collar workers, and address health insurance problems for their dependents and children. Other initiatives will revise the retirement system, working hours, wages, and restrictions on part-time employment.
- Initiatives on land for industrial use, including the establishment of a fund for leasing industrial zones, and the simplification of environmental impact assessments on proposed industrial land use.
- Initiatives to encourage small and medium enterprises.
- Tax incentives addressing personal income taxes and business taxes on undistributed profits.
- Environmental protection initiatives.
- Improvement of government efficiency, including a joint review and coordination mechanism between the central and local governments.
- Policies on incoming and outgoing foreign investment. This will expand the number of items allowed for Taiwanese investment on the Chinese mainland, and permit foreign investments in Taiwanese land and real estate.
- Encouragement of local governments to attract foreign investment.

Intellectual Property Rights Protection

According to USTR, the period of 1999-2000 showed mixed results on Taiwan's IPR protection.²⁰⁶ In 1999, the Taiwan Government established the Intellectual Property Office, which in cooperation with the Investigative Bureau of the Ministry of Justice, closed a number of illegal CD production facilities, and led other retail raids.²⁰⁷ However, IPR problems continue to be a topic of discussion in U.S. bilateral discussions with Taiwan. Citing "persistent IPR enforcement problems," the United States put Taiwan on the Special 301 Watch List in August 1998 and again in April 1999. In 1999, U.S. Customs seized \$42 million of counterfeit goods from Taiwan, making it the largest source of counterfeited CDs and DVDs imported into the United States.²⁰⁸

²⁰⁵ Republic of China Government Information Office, "Major Conclusions of the National Economic Development Conference," report by Chang Chun-hsiung, Premier of the Republic of China, Jan. 7, 2001.

²⁰⁶ USTR, "2000 Special 301 Report," May 1, 2000, found at Internet address <http://www.ustr.gov>, retrieved Jan. 25, 2001.

²⁰⁷ USTR, "Fact Sheet on Monitoring and Enforcing Trade Laws and Agreements," May 1, 2000, found at Internet address <http://www.ustr.gov>, retrieved Feb. 1, 2001.

²⁰⁸ U.S. Department of State telegram, "2001 National Trade Estimate Report: Taiwan," message reference No. 00162, prepared by the American Institute in Taiwan, Jan. 15, 2000.

In April 2000, USTR again listed Taiwan on the Special 301 Watch List for IPR protection problems. USTR listed two areas of concern: (1) improving a "prejudicial climate in the Taiwan court system relative to protection of foreign copyrights and patents," and (2) enforcing "an effective system for placing identifying marks on audio and video CDs as well as computer chips."²⁰⁹

In 2000, there were several IPR developments in Taiwan. In an August 31 meeting with Taiwan's International Federation of the Phonographics Industry and six of Taiwan's major record companies, Taiwan president Chen Shui-bian promised full support for renewed antipiracy measures. The industry group proposed new IPR protections in four major areas:²¹⁰

- Establishment of an island-wide special task force to fight piracy;
- Establishment of courts solely dedicated to IPR litigation;
- Control of pirating activities on college campuses; and
- Designation of a government agency responsible for inspecting and monitoring CD and optical media manufacturing plants, and introduction of laws and regulations governing such plants.

The meeting was also attended by the National Police Administration, the Intellectual Property Office, and the Ministry of Economic Affairs. The Ministry of Economic Affairs Copyright Office was assigned with drafting a new CD-ROM antipiracy law, which is expected to include mandatory identification code marking requirements.

Following this meeting, several enforcement initiatives were introduced. The National Police Administration announced the re-creation of the "K-Force," a group designed to conduct island-wide anti-piracy activities starting on September 1, 2000. K-Force was initially introduced in January 2000 by the Ministry of Economic Affairs. According to the International Federation of the Phonographics Industry, in the first 6 months of operation, the program brought 430 new IPR cases to prosecutors, four times the previous annual rate. For a variety of reasons, including budget problems, however, the program was discontinued.²¹¹ Local music industry representatives strongly supported its re-introduction. In a separate initiative, Director General Chen Ming-Bang of the Intellectual Property Office proposed establishing an "Economic Police Corps," similar to the special units of traffic or environmental police. It would deal not only with counterfeiting issues involving CDs and DVDs, but also would monitor counterfeiting of watches, purses, golf products, and other economic crimes.²¹² Legislation would be required to create such a new force.²¹³

²⁰⁹ USTR, "Taiwan: Issues Summary," June 22, 2000, found at Internet address <http://www.ustr.gov>, retrieved Jan. 31, 2001.

²¹⁰ U.S. Department of State telegram, "Taiwan IPR Update: New Attention to IPR," message reference No. 03124, prepared by the American Institute in Taiwan, Sept. 25, 2000.

²¹¹ *Taipei Times*, "Crackdown Strikes Chord with Artists," Sept. 28, 2000, found at Internet address <http://www.taipeitimes.com>, retrieved Feb. 1, 2001.

²¹² Republic of China Government Information Office, "Copyright Police Unit Proposed," Taiwan Headlines, Apr. 24, 2000, found at Internet address <http://www.taiwanheadlines.gov.tw>, retrieved Feb. 1, 2001.

²¹³ U.S. Department of State telegram, "Taiwan IPR Update: New Attention to IPR," message reference No. 03124, prepared by the American Institute in Taiwan, Sept. 25, 2000.

Other Developments

Several other developments occurred in the past year. A joint project of the American Institute in Taiwan, the Taiwan Board of Foreign Trade, and the Training Institute of the Ministry of Justice organized an IPR training seminar in October-November 2000 aimed primarily at Taiwanese judges and prosecutors. The goal was to expose judges and lawyers to IPR issues as they relate to Taiwan's expected accession to the WTO.²¹⁴

In May 2000, a group of Taiwanese legislators proposed amendments to Taiwan's motion picture laws, promoting the local film industry by limiting market access and discriminating against foreign films. Measures in the proposal included a limit on the number of theaters showing a given foreign film, a limit on the number of prints allowed of foreign films, the creation of a Taiwan motion picture development fund, special taxes on foreign films, and preferential discounts on ticket prices and handling charges for Taiwanese domestic films. At present, Taiwan limits foreign film prints to 58 prints per title island-wide. Also, any one municipality is limited to 18 simultaneous screenings of a foreign film, while multiscreen theaters are only allowed to show a single title on up to three screens simultaneously. Under Taiwan's GATS commitments, all of these limits will be canceled upon Taiwan's WTO accession. Thus, according to the American Institute in Taiwan, the new proposal by the legislators would violate WTO provisions of unrestricted access and national treatment.²¹⁵ Such a bill, however, has yet to pass the legislature.

On August 29, 2000, the Taiwan Bureau of Standards, Metrology, and Inspection notified the United States of its intention to add 54 processed meat and seafood products to the list of commodities under mandatory import inspection, effective January 1, 2001. The inspections will concentrate on labeling, food hygiene, and food additives. The sampling frequency is one out of 20 lots, and the lots to be sampled will be held by Taiwan Customs until test results are final. This expansion of the inspection list followed a similar expansion in June 2000, when the Bureau added 63 import items, mostly grain milling products and vegetables.²¹⁶

Finally, on December 7, 2000, the Taiwan Ministry of Economic Affairs proposed a new tariff system for tobacco and alcohol, effective March 1, 2001. Under the proposal, tariff duties would be reduced by 50 percent. The duties would be held in escrow by Customs until either the Legislative Yuan gave the Ministry of Economic Affairs the authority to further reduce tariffs, or until Taiwan entered the WTO. The Ministry also tried to accommodate local whisky producers who opposed the recent Taiwan-EU Agreement on Tobacco and Alcohol by asking the United States whether it would allow a narrower definition of whiskey.²¹⁷

²¹⁴ U.S. Department of State telegram, "IPR Conference for Taiwan Judges and Prosecutors," message reference No. 02185, prepared by the American Institute in Taiwan, July 10, 2000.

²¹⁵ U.S. Department of State telegram, "Taiwan/WTO: New Film Law Would Restrict Access for Foreign Movies," message reference No. 01881, prepared by the American Institute in Taiwan, June 27, 2000.

²¹⁶ U.S. Department of State telegram, "More Food Imports Subject to Taiwan Mandatory Inspection to Better Protect Taiwan Consumers' Health," message reference No. 02689, prepared by the American Institute in Taiwan, Aug. 11, 2000.

²¹⁷ U.S. Department of State telegram, "Taiwan/WTO: MOEA Tariff Reduction Proposal on Tobacco and Alcohol," message reference No. 03986, prepared by the American Institute in Taiwan, Dec. 9, 2000.

Korea

U.S.-Korean trade relations were again calm in 2000, reflecting the continued relaxation of trade frictions in recent years. Korea has made progress in liberalizing both its domestic economy and trade regime. The Korean economic crisis that began in 1997 and continued into 1998 spurred some liberalizations and also diverted attention and energy away from trade frictions. President Kim Dae-jung, inaugurated in early 1998, has been more favorably inclined toward reform than previous presidents. Also, the International Monetary Fund rescue package called for liberalizations as a condition of its loans. Korea's economy has rebounded strongly from the slump that began in late 1997, growing 10.9 percent in 1999 and 8.8 percent in 2000, after declining 6.7 percent in 1998.²¹⁸

One bilateral trade issue involving the United States and Korea in 2000 stood out above the others. In July, a WTO dispute-settlement panel released a report regarding Korea's imports of beef. The WTO Appellate Body released its report on Korea's appeal of the July ruling in December. Lesser issues included a WTO dispute-settlement panel report regarding procurement of airport construction in Korea and Korea's elevation to USTR's special 301 Priority Watch List.

U.S. trade with Korea totaled over \$66 billion in 2000. U.S. exports to Korea grew 19.4 percent to \$26.3 billion in 2000. U.S. imports grew more rapidly, by 27.9 percent to \$39.9 billion, resulting in a \$13.5 billion U.S. trade deficit with Korea in 2000. Leading U.S. exports to Korea in 2000 included metal oxide semiconductors, airplanes, and machines and mechanical appliances having individual functions (mostly semiconductor production machinery). Leading U.S. imports from Korea include metal oxide semiconductors, automobiles, and transmission apparatus incorporating reception apparatus (mostly cellular phones). U.S.-Korea trade data are shown in tables A-19 through A-21.

Beef

In 1997, Korean imports of beef were below its annual minimum market access quota of 167,000 metric tons. In 1998, Korea imported only 53 percent of its 187,000 metric ton commitment.²¹⁹ Meetings between the U.S. and Korean governments in September and November 1998 and January 1999 failed to reach agreement on a plan to establish a market-driven beef import system in Korea. The United States then requested WTO dispute settlement consultations on February 1, 1999. Because no settlement was reached in consultations held in March, the United States requested the formation of a WTO dispute-settlement panel, which was established in May. Australia also filed a complaint, which was added to the U.S. complaint before the dispute-settlement panel. The first meeting of the combined panel was held in

²¹⁸ Florence Lowe-Lee, "Economic Trends," *Korea Insight*, Korea Economic Institute of America, March 2000 and March 2001.

²¹⁹ Korean commitments and existing bilateral agreements are discussed in the following section.

December 1999, and Canada and New Zealand became third parties to the process.²²⁰

On July 31, 2000, the dispute-settlement panel circulated its report, which concluded that Korea's import regime for beef discriminates against imports from the United States and other foreign suppliers and that the excessive amount of subsidies that Korea provides to its cattle industry violates its commitments to reduce domestic support under the WTO Agreement on Agriculture.²²¹ Korea appealed the ruling on September 11, 2000.²²²

On December 11, 2000, the WTO Appellate Body issued its report regarding Korea's appeal. It upheld the dispute-settlement panel's findings that Korea's beef import regime discriminates against imports from the United States and other foreign suppliers, but ruled that the record in the panel's report did not permit a determination whether the level of domestic subsidies provided by Korea to agriculture in 1997 and 1998 were higher than permitted under the WTO Agreement on Agriculture.²²³

Background

Korean beef imports have been governed by three agreements between Korea and the United States negotiated in 1990 and 1993.²²⁴ These agreements stemmed from a 1989 GATT panel ruling that Korea could no longer justify restrictions on imports of beef on balance-of-payments grounds. These restrictions had a long history and consisted of a virtual ban on beef imports in the years leading up to the 1989 GATT panel ruling.²²⁵ The agreements established a simultaneous buy/sell system to phase out Korean Government involvement in the importation of beef and provided for minimum import quotas for a limited number of years.²²⁶ The second of the 1993 agreements, which was part of the Uruguay Round negotiations, established an end to the minimum quota and involvement by the state-trading entity (Livestock Products Marketing Organization (LPMO)) by the end of 2000, annual expansion of the quota to 225,000 metric tons in 2000, and an end to mandatory markups by importing entities in 2000. In addition, the agreement called for "complete private sector autonomy regarding product quantity, price, quality, and supplier" in 2001, and "no government restrictions on product utilization."²²⁷ The U.S. and Korean Governments have met quarterly to review Korea's implementation of the two 1993 accords on imports of foreign beef.

²²⁰ USTR, *2000 Trade Policy Agenda and 1999 Annual Report of the President of the United States on the Trade Agreements Program*, p. 202.

²²¹ USTR, "WTO Panel Finds that Korea Maintains WTO-Inconsistent Restrictions on U.S. Beef Imports," press release 00-58, Aug. 2, 2000.

²²² WTO, "Overview of the State-of-play of WTO Disputes," Mar. 23, 2001, found at Internet address http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm, retrieved Apr. 16, 2001.

²²³ USTR, "WTO Appellate Body Sustains Panel Finding That Korea Maintains WTO-Inconsistent Restrictions on U.S. Beef Imports," press release 00-86, Dec. 11, 2000.

²²⁴ Australia and New Zealand were also parties to the 1990 agreement and the first of the two 1993 agreements.

²²⁵ USITC, *Operation of the Trade Agreements Program: 40th Report, 1988*, USITC publication 2208, July 1989, p. 129.

²²⁶ USTR, *1997 National Trade Estimate Report on Foreign Trade Barriers*, p. 235.

²²⁷ "Record of Understanding between Korea and the United States on Agricultural Market Access in the Uruguay Round," Dec. 13, 1993.

Under the regime that evolved after the agreements, all imports of beef were made through the LPMO and approximately 10 “super groups,” such as restaurants, meat processors, or retail stores, which control distribution of imported beef to segments of the Korean market. Retail sale of imported beef was only allowed in specially designated stores that, with few exceptions, were not allowed to sell Korean beef.²²⁸ The Korean contention was that the separate retail stores are necessary to prevent the fraudulent sale of imported beef as Hanwoo (Korean) beef. Importing entities charged markups over the import price to their customers, as mandated by the Korean Government, although the markups were to be lowered over time and phased out by the end of 1999 in accordance with the second 1993 agreement.²²⁹

Korean imports of beef regularly exceeded the announced quota levels through 1996.²³⁰ There was a small shortfall in 1997, followed by a much larger one in 1998. In 1998, Korea significantly expanded its domestic support to cattle producers in reaction to the economic downturn. Subsequently, the United States initiated a series of meetings to discuss market-oriented reforms in the beef import regime to offset Korea’s failure to meet its minimum quota commitments,²³¹ culminating in the establishment of the dispute-settlement panel in May 1999.²³²

In its complaint against Korea before the WTO dispute-settlement panel, the United States alleged a regulatory scheme that discriminates against imported beef by, among other things, confining sales of imported beef to specialized stores, limiting the manner of its display, and otherwise constraining the opportunities for the sale of imported beef. The United States also alleged that Korea provided domestic support to the cattle industry in Korea in amounts that caused Korea to exceed its aggregate measure of support for agriculture as reflected in Korea’s WTO schedule. The United States contended that these restrictions applied only to imported beef, thereby denying

²²⁸ Of the restrictions on imports of foreign beef that were subject to the U.S. complaint, only the system of separate stores for foreign and Korean beef remains after Jan. 1, 2001. U.S. Department of State telegram, “WTO Dispute Settlement Body Meeting 1 February 2001: Instructions for U.S. Delegation,” message reference No. 18294, prepared by U.S. Department of State, Washington, DC, Feb. 7, 2001. At the WTO Dispute Settlement Body meeting of Feb. 2, 2001, where the dispute panel and Appellate Body’s reports were adopted, Korea announced that it had already implemented some elements of the dispute panel’s recommendations and that in order to complete the process it would need a reasonable period of time. WTO, “Overview of the State-of-play of WTO Disputes,” dated Mar. 23, 2001, found at Internet address http://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm, retrieved Apr. 16, 2001.

²²⁹ U.S. Department of State telegram, “WTO Dispute Settlement Body Mtg 28 Apr 1999: Instructions,” message reference No. 80945, prepared by U.S. Department of State, Washington, DC, May 3, 1999, “Record of Understanding between Korea and the United States on Agricultural Market Access in the Uruguay Round,” Dec. 13, 1993; and U.S. Department of State telegram, “Disharmony in Korea’s Trade Policy Apparatus,” message reference No. 2737, prepared by U.S. Embassy, Seoul, May 13, 1999.

²³⁰ WTO, “Korea-Measures Affecting Imports of Fresh, Chilled, and Frozen Beef: Report of the Panel,” WT/DS161/R, WT/DS169/R, July 31, 2000, p. 49.

²³¹ U.S. Department of State telegram, “Instructions for U.S. Delegation to the WTO Committee on Agriculture, March 25-26, Geneva,” message reference No. 52844, prepared by U.S. Department of State, Washington, DC, Mar. 23, 1999.

²³² Korean beef imports rebounded significantly in 1999 and 2000. U.S. exports of beef to Korea were higher in 1999 than in any previous year in the 1990s—double the 1998 figure and 17 percent higher than the previous peak in 1995. U.S. exports in 2000 were 35 percent higher than in 1999.

national treatment to beef imports, and that the support to the domestic industry amounted to domestic subsidies that contravened the WTO Agreement on Agriculture.²³³

The main questions addressed by the dispute-settlement panel were: (1) what parts of Korea's beef import regime were consistent with its obligations to phase out restrictions on beef imports undertaken for balance-of-payments reasons? (2) did Korea's state-trading entity, the LPMO, improperly restrict its sales of imported beef in 1997 and 1998?²³⁴ and (3) was Korea's support to domestic cattle farmers in 1997 and 1998 correctly calculated, and if correctly calculated, would it have pushed Korea over its commitment levels for total domestic support for agriculture under WTO rules?

The dispute panel held that most elements of the beef import regime, including participation by the LPMO, the simultaneous buy/sell system, and mandatory markups, were inherent in the phaseout of restrictions negotiated in the 1990 and 1993 agreements, and were therefore not contrary to WTO rules. The dual retail system for beef and differential record-keeping and labeling requirements for imported beef were held to be in violation of WTO rules. In accordance with the agreements, the simultaneous buy/sell system and associated quotas and other restrictions were ended as of January 1, 2001.²³⁵ Beef can now be imported without going through the LPMO or one of the "super group" members, and there are no quantitative restrictions on imports of beef. Korea has been given a reasonable period of time to consult with the United States and Australia on implementing the elimination of the dual retail system.²³⁶

The dispute panel held that the LMPO improperly restricted its sales of imported beef in 1997 and 1998. It also held that Korea's support to domestic cattle farmers in 1997 and 1998 was not correctly calculated. Using a methodology supplied by New Zealand to compute the support levels for beef, the panel found that Korea exceeded its WTO aggregate measures of support commitment in those years.²³⁷ The Appellate Body upheld all of the findings of the dispute panel report, except those regarding the computation of domestic support for beef. It held that, although Korea did not correctly calculate its domestic support for beef for 1997 and 1998, the methodology used by

²³³ WTO, "Overview of the State-of-play of WTO Disputes," found at Internet address <http://www.wto.org/wto/dispute/bulletin.htm>, retrieved Apr. 26, 2000.

²³⁴ Since the dispute panel was formed in May 1999, Korean imports of beef in 1999 were not an issue considered by the panel.

²³⁵ U.S. Department of State telegram, "Report on DSB Meeting of February 1, 2001," message reference No. 498, prepared by U.S. Mission to the WTO, Geneva, Feb. 7, 2001.

²³⁶ *Ibid.* On April 19, 2001, the United States and Australia reached an agreement with Korea that Korea would have until Sept. 10, 2001 to bring its beef import regime into compliance with WTO nondiscrimination rules. "Agreement Pursuant to Article 21.3(b) of the DSU," agreement by Australia, Korea, and the United States on implementation of the recommendations and rulings adopted by the WTO Dispute Settlement Body on Jan. 19, 2001 in the dispute *Korea - Measures Affecting Imports of Fresh, Chilled, and Frozen Beef* (WT/DS161 and WT/DS169), Apr. 19, 2001. The dual marketing system for domestic and imported beef is the remaining item to be addressed, given the liberalization of other elements of beef imports implemented at the beginning of 2001.

²³⁷ WTO, "Korea-Measures Affecting Imports of Fresh, Chilled, and Frozen Beef: Report of the Panel," WT/DS161/R, WT/DS169/R, July 31, 2000, pp. 200-201.

the dispute panel to recalculate the support level was not correct and there was insufficient information in the dispute panel report to allow a correct calculation. Therefore it was not possible to rule on whether Korea exceeded its aggregate measures of support commitment.²³⁸

Other Issues

Airport Procurement

On June 16, 1999, the WTO Dispute Settlement Body established a panel at the request of the United States to consider a complaint about certain procurement practices of the Korean Airport Construction Authority. The complaint stems from allegations of U.S. firms that the construction authority and successor organizations have discriminated against foreign firms interested in bidding for airport construction projects. The United States contends that during negotiations on Korea's accession to the WTO Agreement on Government Procurement (GPA), Korea assured that airport procurement would be conducted by GPA-covered entities. The Korean Government contends that the construction authority is a privately financed entity not covered by its GPA commitments.²³⁹ The dispute-settlement panel was formed on September 8, 1999, and held meetings in October and November 1999. On May 1, 2000, the dispute-settlement panel circulated its report, which rejected the U.S. complaint.²⁴⁰

IPR protection

On May 1, 2000, USTR announced that Korea was being elevated to its special 301 Priority Watch List due to concerns over legal protection and enforcement of intellectual property rights. Longstanding issues cited included protection of clinical test data against unfair commercial use and disclosure, protection of pre-existing copyrighted works, providing for "linkage" between health and intellectual property authorities such that approval is not granted for the launch into the Korean market of drugs that would infringe valid patents, and market access for motion pictures. USTR also cited ongoing concerns about the consistency, transparency, and effectiveness of Korean enforcement efforts, particularly with regard to piracy of U.S. computer software and books. A new issue cited concerned amendments to the Korean Copyright Act and Computer Programs Protection Act that called into question Korea's

²³⁸ WTO, "Korea-Measures Affecting Imports of Fresh, Chilled, and Frozen Beef: Report of the Appellate Body," WT/DS161/AB/R, WT/DS169/AB/R, Dec. 11, 2000, pp. 56-57.

²³⁹ USTR, *2000 Trade Policy Agenda and 1999 Annual Report of the President of the United States on the Trade Agreements Program*, pp. 200-201; and U.S. Department of State telegram, "DUSTR Fisher's Meetings in Seoul: Government Procurement," message reference No. 1041, prepared by U.S. Embassy, Seoul, Feb. 18, 1999.

²⁴⁰ WTO, "Korea-Measures Affecting Government Procurement: Report of the Panel," WT/DS163/R, May 1, 2000.

compliance with its bilateral and international obligations.²⁴¹ A special 301 out-of-cycle review was conducted in December 2000.²⁴²

Brazil

U.S.-Brazilian bilateral trade relations continue to be influenced by Brazil's membership in the Southern Common Market (Mercosur) customs union,²⁴³ and by ongoing negotiations for the Free Trade Area of the Americas (FTAA).²⁴⁴ The United States is Brazil's largest trading partner, consuming approximately 24 percent of Brazil's exports and supplying 23 percent of Brazil's imports in 2000.²⁴⁵ Brazil ranked as the 12th largest export market for the United States in 2000, and was the 18th largest U.S. supplier in the year. Brazil is the third largest U.S. trading partner in the Western Hemisphere after Canada and Mexico. U.S. exports to Brazil totaled \$14.0 billion in 2000, an increase of almost \$2 billion from 1999, while U.S. imports from Brazil totaled nearly \$13.7 billion, an increase of more than \$2 billion from 1999. Leading U.S. exports to Brazil in 2000 included computers, computer parts, and computer accessories; and aircraft and aircraft parts. Leading U.S. imports from Brazil included aircraft, footwear, and petroleum. U.S.-Brazilian trade data are shown in tables A-22, A-23, and A-24.

Patent Protection: HIV/AIDS Drugs

On May 30, 2000, the United States filed a WTO complaint against Brazil with respect to Article 68 of Brazil's industrial property law (Law No. 9,279 of May 14, 1996, which entered into force May 15, 1997) concerning patents, designs, and trademarks. That law established a "local working requirement" for foreign patent holders to maintain exclusive patent rights in Brazil. The U.S. concern is that this new requirement can only be satisfied if the subject matter of a patent is "worked" in Brazil by local (i.e., Brazilian) producers. Otherwise, the patent holder may be subject to compulsory licensing under which others would be allowed to use the patent against the patent holder's wishes. The

²⁴¹ USTR, "2000 Special 301 Report," May 1, 2000, p. 17.

²⁴² Results of the out-of-cycle review were announced in January 2001. USTR expressed encouragement in its "increased dialogue with the Korean Government regarding a number of weaknesses in its IPR regime, both in enforcement and in legislation." See USTR, "USTR Announces results of December, 2000 Special 301 Out-of-cycle Reviews," press release 00-11, Jan. 19, 2001.

²⁴³ The Mercosur customs union is a free trade area with common external tariffs. Members of the Mercosur customs union are Argentina, Brazil, Paraguay, and Uruguay. Bolivia and Chile participate in the Mercosur free trade area, but not in the common external tariff scheme. Mercosur became operative Jan. 1, 1995.

²⁴⁴ The FTAA is discussed in more detail in chapter 3.

²⁴⁵ U.S. Department of State telegram, "Brazil Trade in 2000, Estimates for 2001," message reference No. 00383, prepared by U.S. Embassy, Brasilia, Feb. 2, 2001.

United States considers such a requirement to be inconsistent with Brazil's obligations under Articles 27 and 28 of the TRIPs Agreement, and Article III of the GATT 1994.²⁴⁶

The underlying bilateral trade dispute in this matter concerns Brazil's efforts to lower the prices charged by multinational pharmaceutical companies for antiretroviral medications used to treat human immunodeficiency virus (HIV), the virus that causes acquired immune deficiency syndrome (AIDS). Since 1997, the cornerstone of Brazil's national HIV/AIDS program has been universal free access to antiretroviral medications. To reduce the costs of this program, Brazil authorized its government laboratories to manufacture generic versions of seven of the 12 antiretroviral drugs used in Brazil; Brazil's 1996 industrial property law placed the patents for those seven drugs in the public domain.²⁴⁷ However, Brazil and other developing countries have urged multinational pharmaceutical companies to provide patented antiretroviral drugs at lower costs and to provide opportunities for the manufacture and distribution of generic drugs.²⁴⁸ In June 2000, Brazil announced plans to begin producing generic versions of the patented antiretroviral drugs efavirenz and nelfinavir, despite the ongoing WTO dispute, arguing that production could occur because the U.S. and Swiss patent holders had not complied with the "local working requirement" of Brazil's industrial property law.²⁴⁹

The United States and Brazil held WTO consultations on Brazil's industrial property law in June and in December 2000, but were unable to reach a mutually satisfactory resolution of the matter. On January 8, 2001, the United States requested that the WTO establish a dispute settlement panel for the matter; and the panel was established February 1, 2001.²⁵⁰

²⁴⁶ For further information on the WTO case, see WTO, "Overview of the State-of-Play of WTO Disputes," found at http://www.wto.org/english/tratop_e/dispu_e/stplay_e.doc, retrieved Mar. 8, 2001. See also U.S. Department of State telegram, "Brazil: Draft 2001 National Trade Estimate," message reference No. 00192, prepared by U.S. Embassy, Brasilia, Jan. 19, 2001; and Bureau of National Affairs, Inc., "U.S. to Seek WTO Panel on Brazil's 'Local Working' Patent Requirements," *International Trade Reporter*, Jan. 19, 2001, p. 112.

²⁴⁷ Ministry of Public Health, Secretariat of Health Policies, Government of Brazil, "WTO Panel Calls Brazilian Patents Law into Question," found at Internet address <http://www.aids.gov.br/politica/Nota%20Oficial/notaingles.htm>, retrieved Mar. 8, 2001.

²⁴⁸ Irwin Arieff, "Brazil Urges UN to OK Copying Patented AIDS Drugs," Reuters, Feb. 26, 2001. See also United Nations General Assembly, "Special Session of the General Assembly on HIV/AIDS, Report of the Secretary-General," Feb. 16, 2000, found at Internet address http://www.unaids.org/whatsnew/others/un_special/SGreport1.doc, retrieved Mar. 15, 2001.

²⁴⁹ Stephen Buckley, "Brazil Becomes Mode in Fight Against AIDS," *Washington Post*, Sept. 17, 2000, p. A22, and "U.S., Brazil Clash Over AIDS Drugs," *Washington Post*, Feb. 6, 2001, p. A1; Andrew Downie, "Brazil Tackles HIV Head-On by Providing Free Medicine," *Houston Chronicle*, Dec. 17, 2000, p. A28; and U.S. Department of State, "The Politics of AIDS in Brazil: Multinational Pharmaceutical Companies Under Pressure," message reference No. 01823, prepared by U.S. Consulate, Sao Paulo, Nov. 30, 2000.

²⁵⁰ U.S. Department of State telegram, "Brazil: Draft 2001 National Trade Estimate," message reference No. 00192, prepared by U.S. Embassy, Brasilia, Jan. 19, 2001.

Other Developments

On December 18, 2000, the Brazilian Government established price controls on pharmaceutical industry products, including the products of several major U.S. pharmaceutical companies operating in Brazil. The price controls preempted the expiration of an informal August 2000 agreement on pricing between the Brazilian Government and the pharmaceutical industry. Under that informal agreement, pharmaceutical companies had agreed to adhere to, or roll back to, prices that were in effect as of June 1, 2000, with no new increases before the end of 2000. The December 2000 action represented Brazil's first return to price controls since the pharmaceutical industry was liberalized in 1993 by removing price controls and simplifying the regulatory environment.²⁵¹

Brazil's policies regarding biotechnology products remained unchanged during 2000. Brazil has an approval process for genetically modified (GM) agricultural products, which resulted in the approval of Roundup Ready® soybeans in 1998.²⁵² However, the Brazilian Government suspended its approval in 1999 in response to a court ruling, citing the need to perform environmental impact studies on the product. To date, the Brazilian Government has not re-approved GM soybeans for use on the Brazilian market, while the issue of the legal framework for GM products remains in the Brazilian courts.²⁵³ As a result of Brazil's lack of a clear policy on biotechnology products, the United States reportedly lost several opportunities to sell GM products to Brazil during 2000.²⁵⁴ Although the Brazilian Government approved imports of certain GM corn varieties for animal feed on June 30, 2000, protracted legal challenges created an environment of uncertainty for such imports.²⁵⁵

Free Trade Agreements

The United States has negotiated four free trade agreements. The first free trade agreement (FTA) entered into force with Israel in 1985.²⁵⁶ The United States

²⁵¹ U.S. Department of State, "GOB Imposes Price Controls on Pharmaceuticals, Reversing Course and Surprising Producers," message reference No. 00002, prepared by U.S. Consulate, Sao Paulo, Jan. 2, 2001.

²⁵² Roundup® is an herbicide commonly used to kill weeds. Roundup Ready® soybeans are genetically modified to be tolerant of Roundup® herbicide. For further information, see USITC, *The Year in Trade, Operation of the Trade Agreements Program, 51st report, 1999*, USITC publication 3336, August 2000, p. 78.

²⁵³ U.S. Department of State telegram, "Draft 2001 National Trade Estimate," message reference No. 00192, prepared by U.S. Embassy, Brasilia, Jan. 19, 2001.

²⁵⁴ Ibid.

²⁵⁵ Foreign Agricultural Service, U.S. Department of Agriculture, "Brazil: Food and Agricultural Import Regulations and Standards, State of Biotechnology in Brazil, 2001," *Global Agriculture Information Network (GAIN) Report*, No. BR1601, Jan. 17, 2001.

²⁵⁶ The U.S.-Israel Free Trade Area Agreement was ratified by the U.S. Congress in May 1985 and signed into law (Public Law 99-47) by President Reagan on June 11, 1985. The Agreement was implemented September 1, 1985.

implemented an FTA with Canada in 1989 and with Mexico under NAFTA in 1994.²⁵⁷ During 2000, the United States negotiated and signed an FTA with Jordan, its fourth FTA. FTA negotiations with Singapore and Chile are currently underway.

The United States-Jordan Free Trade Agreement

A U.S.-Jordan Free Trade Agreement was signed on October 24, 2000 at a White House ceremony attended by President Clinton and King Abdullah II.²⁵⁸ It has yet to be ratified by the Jordanian Parliament and the U.S. Congress. President Clinton sent the proposed agreement to the U.S. Congress on January 8, 2001, stating "The U.S.-Jordan Free Trade Agreement (FTA) provides critical support for a pivotal regional partner for U.S. efforts in the Middle East peace process."²⁵⁹

According to a study by the U.S. International Trade Commission, the agreement will have no measurable impact on the U.S. economy because bilateral trade flows are insignificant relative to the size of the U.S. economy.²⁶⁰ In 2000, U.S. exports to Jordan measured \$306 million and U.S. imports from Jordan totaled \$73 million.

The U.S.-Jordan FTA is the second U.S. FTA negotiated with a developing country and the second in the Middle East region. It is the first U.S. FTA to include provisions for environment and labor standards directly in the text of the agreement. The U.S.-Jordan FTA requires enforcement of existing labor laws in the two countries and a commitment to maintain the standards outlined by the International Labor Organization. The United States and Jordan agreed to establish a U.S.-Jordanian Joint Forum on Environmental Technical Cooperation and to maintain and enforce existing environmental laws.

The U.S.-Jordan FTA includes provisions for the elimination of nearly all tariffs between the United States and Jordan for merchandise trade over a period of 10 years.²⁶¹ Tariff reductions are to occur in four stages: tariffs of less than 5 percent ad valorem will be phased out in 2 years, tariffs between 5 percent and 10 percent will be phased out in 4 years, tariffs between 10 percent and 20 percent will be phased out in 5 years, and tariffs greater than 20 percent will be phased out in 10 years. The U.S.

²⁵⁷ The U.S.-Canada Free Trade Agreement (CFTA) was ratified by the U.S. Congress in August 1988 and signed into law (Public Law 100-499) by President Reagan on September 28, 1988. The CFTA was implemented January 1, 1989. The North American Free Trade Agreement (NAFTA) was ratified by the U.S. Congress in November 1993 and signed into law (Public Law 103-108) by President Clinton on December 8, 1993. The NAFTA was implemented January 1, 1994.

²⁵⁸ The governments of the United States and Jordan officially agreed to begin negotiations on a free trade agreement on June 6, 2000 during a Presidential visit to Jordan.

²⁵⁹ Text of a letter from President Clinton to the U.S. Congress on January 8, 2001, *Jordan Times*, found at Internet address <http://www.jordantimes.com>, retrieved Jan. 10, 2001.

²⁶⁰ USITC, *Economic Impact on the United States of a U.S.-Jordan Free Trade Agreement* (investigation No. 332-418), USITC publication 3340, September 2000. The report was delivered to USTR on July 31, 2000. It was originally classified as confidential, but subsequently declassified by USTR on Sept. 26, 2000.

²⁶¹ USTR, "U.S. and Jordan Sign Historic Free Trade Agreement," press release 00-75, Oct. 24, 2000.

market is fairly open to the top Jordanian exports, with the exception of apparel products. The highest applied tariff rates for U.S. imports from Jordan valued at over \$400,000 in 1999 are on apparel (HTS chapter 62) at 17.2 and 18.2 percent.²⁶² All other U.S. imports from Jordan valued at over \$400,000 in 1999 have applied tariff rates between zero and 4 percent.²⁶³ Most of the tariff concessions will come from Jordan, which has higher tariffs on U.S. exports than the United States has on Jordanian exports. For example, tariffs on U.S. exports to Jordan range from zero to 30 percent ad valorem, except on tobacco and alcohol products, which are higher. U.S. tariffs on Jordanian exports range from zero to 18.2 percent *ad valorem*, with Jordanian apparel products facing the highest U.S. tariff barriers. Exceptions to tariff elimination under the U.S.-Jordan FTA are Jordanian imports of U.S. tobacco and alcohol products, which face Jordanian tariff rates between 70 percent and 180 percent. These were also excluded from Jordan's WTO accession package. Jordan became the 136th member of the WTO on April 11, 2000. As part of its accession package, Jordan made a 5 percentage point tariff rate reduction for all tariff lines with an ad valorem tariff rate more than 30 percent.

The U.S.-Jordan FTA also includes provisions on intellectual property rights that meet international standards for copyright protection. Jordan has agreed to ratify and implement the Copyright Treaty and the Performances and Phonograms Treaty of the World Intellectual Property Organization within 2 years. Jordan made substantial progress towards improving its laws pertaining to the protection of intellectual property rights in order to comply with the TRIPs Agreement of the WTO. As a result, in April 2000 the USTR removed Jordan from its Watch List during a special 301 out-of-cycle review.²⁶⁴

Other significant features of the U.S.-Jordan FTA include:

- Both the United States and Jordan agreed to promote free trade in e-commerce.
- Jordan agreed to open its services sector to U.S. companies in the areas of energy distribution, convention services, printing and publishing, courier services, audiovisual, education, environmental services, financial services, health services, tourism industry, and transport services.
- The U.S.-Jordan FTA creates a mechanism for trade dispute settlements.

Investment is not included in the Agreement because the United States and Jordan had already signed a Bilateral Investment Treaty in July 1997 and a Trade and Investment Framework Agreement in March 1999.

²⁶² Some Jordanian apparel enters the United States duty-free as a product of Israel under 1996 amendments to the U.S.-Israel FTA authorizing Qualified Industrial Zones in Jordan.

²⁶³ USITC, *Economic Impact on the United States of a U.S.-Jordan Free Trade Agreement* (investigation No. 332-418), USITC publication 3340, Sept. 2000, table 4-2.

²⁶⁴ USTR, "USTR Announces Result of Special 301 Out-of-cycle Review of Jordan," press release 99-98, Dec. 10, 1999.

The USTR released a draft environmental review of the U.S.-Jordan FTA in September 2000 for public comment under Executive Order 13141, which requires reviews of the environmental effects of free trade agreements.²⁶⁵ The analysis of the environmental review is based on the economic impacts reported by the Commission.²⁶⁶ The Jordanian Government is also conducting an environmental review of the effects of a U.S.-Jordan FTA on Jordan, which includes an economic impact analysis.

United States-Singapore Free Trade Agreement Negotiations

The United States and Singapore announced the start of negotiations for a comprehensive U.S.-Singapore Free Trade Agreement (FTA) on November 16, 2000.²⁶⁷ The countries have conducted two rounds of negotiations, during December 4-21, 2000, and January 10-18, 2001.²⁶⁸ During this period, U.S. officials also visited Singapore on fact-finding missions.²⁶⁹ U.S. and Singapore officials have agreed to hold a third round of negotiations on May 21-26 in Singapore, and to continue technical discussions in advance of this event.²⁷⁰

As the United States 11th largest trading partner, Singapore is an open economy, with almost no applied tariffs and an investment regime actively promoting foreign inflow of both human and financial capital. Singapore is extremely dependent on exports and imports, which together total more than two times the country's annual GDP.²⁷¹ In 2000, the U.S trade deficit with Singapore measured \$3.1 billion, with U.S. exports to Singapore totaling \$16.0 billion, and U.S. imports totaling \$19.1 billion. The majority of U.S. merchandise trade with Singapore was in machinery and transport equipment. The United States is Singapore's largest export market (19.2 percent of total exports) and its largest source of imports (17.0 percent of total imports).²⁷² Singapore is also dependent on a highly open investment regime, through which it has transformed itself from a trading port to a modern industrial economy. The stock of U.S. foreign direct

²⁶⁵ USTR, "Draft environmental review of the proposed agreement on the establishment of a free trade area between the government of the United States and the government of the Hashemite Kingdom of Jordan," found at Internet address <http://www.ustr.gov>, retrieved Oct. 25, 2000.

²⁶⁶ USITC, *Economic Impact on the United States of a U.S.-Jordan Free Trade Agreement* (Investigation No. 332-418), USITC publication 3340, Sept. 2000.

²⁶⁷ USTR, "U.S. and Singapore to Launch Negotiations for a Free Trade Agreement," press release 00-81, Nov. 16, 2000.

²⁶⁸ On November 27, 2000, USTR sent a letter to the Commission, requesting a study on the potential economic impacts of such an agreement. The confidential study was completed in January 2001. Public notification of USTR's request letter can be found at USITC, Internet address: <http://www.usitc.gov>.

²⁶⁹ USTR, "Joint Declaration on the Proposed U.S.-Singapore Free Trade Agreement," press release 01-08, Jan. 17, 2001.

²⁷⁰ Inside Washington Publications, "Third Round of U.S.-Singapore FTA Negotiations Set for May," *Inside U.S. Trade*, found at Internet address <http://insidetrade.com>, retrieved Mar. 26, 2001.

²⁷¹ U.S. Department of State, *1999 Country Reports on Economic Policy and Trade Practices*, March 2000.

²⁷² International Monetary Fund, *IMF Staff Country Reports: Singapore*, 2000.

investment in Singapore at the end of 1998 was \$19.8 billion, concentrated largely in manufacturing—notably electronics, industrial chemicals and petroleum, and the financial sector.

USTR identified a number of key areas that the United States would like to address in negotiations with Singapore, including:²⁷³

- Singapore's protection and enforcement of intellectual property rights.
- Enhanced access to a number of services sectors, including environmental, engineering, telecommunications, financial, courier, distribution, educational, architecture, and other professional services.
- Complete tariff elimination (Singapore applies tariffs to alcoholic beverages).
- Provisions on labor and the environment (as in the U.S.-Jordan FTA).²⁷⁴

The agreement will also help to develop electronic commerce and will include safeguards and dispute-settlement mechanisms.²⁷⁵

United States-Chile Free Trade Agreement Negotiations

On November 29, 2000, President Clinton announced that the United States and Chile had agreed to start negotiations on a comprehensive bilateral free trade agreement (FTA). The announcement stated that the agreement was to include labor and environmental provisions along the lines of the U.S.-Jordan FTA.²⁷⁶ Formal negotiations began in Washington, DC on December 6, 2000.²⁷⁷ Several rounds of negotiations, alternating in Washington, DC and in Santiago, Chile, were conducted during late 2000 and early 2001. Issues addressed in the negotiations included: trade in industrial goods; trade in agricultural goods; rules of origin and customs procedures; safeguards; antidumping, countervailing duties and subsidies; sanitary and phytosanitary measures; technical norms and standards; investment; services; financial services; electronic commerce; temporary entry of business people; competition policy; intellectual property; government procurement; transparency and

²⁷³ USTR, "Fact Sheet: U.S.-Singapore Trade," Mar. 27, 2001.

²⁷⁴ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, found at Internet address <http://www.ustr.gov>, retrieved March 8, 2001.

²⁷⁵ USTR, "U.S. and Singapore to Launch Negotiations for a Free Trade Agreement," press release 00-81, Nov. 16, 2000.

²⁷⁶ The White House, "Statement by the President on United States-Chile Free Trade Agreement Negotiations," Nov. 28, 2000.

²⁷⁷ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 192, found at Internet address <http://www.ustr.gov>, retrieved March 8, 2001; and Government of Chile, Ministry of External Relations, "Sintesis de las Negociaciones Comerciales entre Chile y EEUU," found at Internet address http://www.direcon.cl/acuerdos/acuerdos_comerciales/negociacion/index.htm, retrieved Mar. 8, 2001.

dispute settlement; labor issues; and environmental issues.²⁷⁸ No deadline has been set for concluding the negotiations.

Plans for a free trade agreement with Chile have existed for several years. On December 11, 1994, the leaders of the United States, Canada, and Mexico announced their intention to begin negotiations with Chile for Chile's eventual accession to NAFTA.²⁷⁹ Negotiations began in 1995 and several negotiating rounds were held during that year, but negotiations eventually came to a standstill due to Chilean concerns about the absence of fast-track negotiating authority.²⁸⁰ Chile concluded a free trade agreement covering goods, services, and investment with Canada in 1996, and a similar agreement with Mexico dates to 1992.²⁸¹ In a 1997 report, the U.S. administration stated that "[t]he Administration remains committed to fulfilling its commitment to a comprehensive agreement with Chile."²⁸² In May 1998, the Presidents of the United States and Chile established a Chile-U.S. Joint Commission on Trade and Investment to provide a regular forum for two countries to discuss bilateral and multilateral trade issues at the highest political level; issues addressed by the Joint Commission since its establishment include trade in services, investment, government procurement, electronic commerce, standards, business visas, labor, the environment, and participation of civil society in trade negotiations.²⁸³

U.S. exports to Chile totaled \$3.4 billion in 2000, a 12 percent increase from 1999, while U.S. imports from Chile totaled \$3.2 billion, a 15 percent increase from 1999. Chile ranked as the 32nd largest world export market for the United States in 2000, behind Colombia and India, but ahead of Egypt and South Africa. Chile ranked as the 38th largest U.S. supplier in 2000, behind Costa Rica and Angola, but ahead of Finland and Austria. In the Western Hemisphere, Chile was the eighth largest U.S. export market in 2000, behind Canada, Mexico, Brazil, Venezuela, Argentina, the Dominican Republic, and Colombia, and the eighth largest U.S. hemispheric supplier behind Canada, Mexico, Brazil, Venezuela, Argentina, the Dominican Republic, and Colombia.²⁸⁴

²⁷⁸ USTR, "Barshefsky Praises Progress in U.S.-Chile Free Trade Agreement Negotiations," press release 01-04, Jan. 16, 2001.

²⁷⁹ The White House, "Statement by Prime Minister Jean Chrétien of Canada, President Eduardo Frei of Chile, President Ernesto Zedillo of Mexico, and President William Clinton of the United States," Dec. 11, 1994.

²⁸⁰ For further discussion, see USITC, *The Year in Trade, 1995*, August 1996, publication No. 2971, pp. 34-35. See also USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, pp. 191-192, found at Internet address <http://www.ustr.gov/reports/ch5.pdf>, retrieved Mar. 8, 2001.

²⁸¹ Government of Chile, Ministry of External Relations, "Sintesis de las Negociaciones Comerciales entre Chile y EEUU," found at Internet address http://www.direcon.cl/acuerdos/acuerdos_comerciales/negociacion/index.htm, retrieved Mar. 8, 2001.

²⁸² USTR, *Future Free Trade Area Negotiations: Report on Significant Market Opening*, May 1, 1997, found at Internet address <http://www.ustr.gov/pdf/108repor.pdf>, retrieved Mar. 8, 2001.

²⁸³ USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, p. 192, found at Internet address <http://www.ustr.gov>, retrieved Mar 8, 2001; and Government of Chile, Ministry of External Relations, "Sintesis de las Negociaciones Comerciales entre Chile y EEUU," found at Internet address http://www.direcon.cl/acuerdos/acuerdos_comerciales/negociacion/index.htm, retrieved Mar. 8, 2001.

²⁸⁴ Trade data obtained from USITC Data Web, found at Internet address <http://dataweb.usitc.gov/>, retrieved Mar. 8, 2001.

CHAPTER 5

Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws during 2000. It covers: the import relief laws; the unfair trade laws; certain other trade provisions, including the U.S. Generalized System of Preferences (GSP), the Caribbean Basin Economic Recovery Act (CBERA) and the Caribbean Basin Trade Partnership Act (CBTPA), the Andean Trade Preference Act (ATPA), section 232 of the Trade Expansion Act of 1962 on impairment of national security, and the Agricultural Adjustment Act on interference with programs of the U.S. Department of Agriculture; programs affecting textile and apparel imports; and U.S. trade sanctions.

Import Relief Laws

The United States has enacted several safeguard laws, as well as a trade adjustment assistance program. The U.S. global action safeguard law, which is based on Article XIX of GATT 1994 and the Uruguay Round Agreement on Safeguards, is set forth in sections 201-204 of the Trade Act of 1974.¹ U.S. bilateral action safeguard laws are set forth in section 406 of the Trade Act of 1974 (market disruption from imports from Communist countries)² and sections 301-304 of the NAFTA Implementation Act.³ The trade adjustment assistance provisions are set forth starting with section 221 of the Trade Act of 1974.⁴

Safeguard Actions

The Commission completed two investigations under the U.S. global action safeguard law during 2000, making negative determinations in both;⁵ no investigations were conducted under either the market disruption or NAFTA safeguard laws during 2000, and no investigations were pending at year end. The United States had four global safeguard measures in place at the end of 2000, on imports of wheat gluten, lamb meat, steel wire rod, and welded line pipe. During the year the Commission began a mid-term monitoring investigation with respect to developments in the domestic lamb

¹ 19 U.S.C. 2251 et seq.

² 19 U.S.C. 2436.

³ 19 U.S.C. 3351 et seq.

⁴ 19 U.S.C. 2271 et seq.

⁵ Investigation No. TA-201-71, *Crabmeat From Swimming Crabs* (August 2000), and investigation No. TA-201-72, *Extruded Rubber Thread* (December 2000).

meat industry⁶ and an investigation in response to a request from petitioners that the wheat gluten relief be extended.⁷ Both of these were pending at year end.

The U.S. wheat gluten safeguard measure was challenged by the European Union under the WTO dispute settlement procedures in mid-1999. In July 2000, the WTO panel formed to review the matter found that certain aspects of the U.S. measure were inconsistent with U.S. WTO obligations. The United States and European Union appealed certain panel findings, and the WTO Appellate Body in December 2000 affirmed in part and reversed in part findings of the panel.⁸ The Appellate Body's report was adopted by the WTO Dispute Settlement Body on January 19, 2001, and under WTO rules the United States was given until February 18, 2001, to explain how it intended to bring its measure into conformity with the Appellate Body's ruling. In response to the Appellate Body's ruling and continuation of the U.S. wheat gluten safeguard measure, effective January 24, 2001, the European Union imposed retaliatory measures on imports of corn gluten. The matter was still under review as of April 2001.

The U.S. safeguard measures on lamb meat and welded line pipe were also challenged under WTO dispute settlement procedures. In October 1999, Australia and New Zealand requested the establishment of a panel to review the U.S. lamb meat measure, and a panel was established in November 1999 and constituted in March 2000. In December 2000, the panel found certain aspects of the U.S. measure to be inconsistent with U.S. WTO obligations.⁹ The United States, Australia, and New Zealand appealed certain panel findings in January 2001, and the findings of the panel were substantially affirmed by the Appellate Body in May 2001. In September 2000, Korea requested formation of a WTO panel to review the U.S. global safeguard measure in welded line pipe, and a panel was established in October 2000 and constituted in January 2001. First written submissions were filed in March 2001, and first arguments were heard in April 2001.

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth with section 221 of the Trade Act of 1974, authorizes the U.S. Secretaries of Commerce and Labor to provide trade adjustment assistance to firms and workers, who are adversely affected by increased imports. Initially authorized under the Trade Expansion Act of 1962, the current program is scheduled to expire on September 30, 2001. In 1993, a new subchapter was added to the TAA provisions to provide transitional assistance to

⁶ Investigation No. TA-204-3, *Lamb Meat*.

⁷ Investigation No. TA-204-4, *Wheat Gluten*.

⁸ *United States – Definitive Safeguard Measures on Imports of Wheat Gluten from the European Communities*, Report of the Appellate Body, WT/DS166/AB/R (Dec. 22, 2000).

⁹ *United States – Safeguard Measures on Imports of Fresh, Chilled or Frozen Lamb Meat from New Zealand and Australia*, WT/DS177/R (Dec. 21, 2000).

workers separated, or threatened to be separated, from their employment as a result of increased imports from, or shifts in production to, Canada or Mexico under the NAFTA.¹⁰

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, and training. Industrywide technical consultation provided through U.S. Department of Commerce-sponsored programs is designed to restore the economic viability of U.S. industries adversely affected by international import competition.¹¹

Assistance to Workers

The U.S. Department of Labor instituted 1,379 investigations during FY 2000 (October 1, 1999, through September 30, 2000) on the basis of petitions filed for trade adjustment assistance. Petitioners for TAA assistance represented a broad spectrum of manufacturing industries. The FY 2000 figure represents a decrease from the 2,588 TAA petitions instituted in FY 1999. The results of the TAA investigations completed in FY 2000, including those in progress from the previous fiscal year, are shown in table 5-1.

The number of completed TAA cases, including partial certifications and denied, terminated, or withdrawn petitions, decreased from 2,519 cases in FY 1999 to 1,473 cases in FY 2000. As shown in table 5-1, there were 100,906 workers certified in FY 2000, a decrease from the number certified in FY 1999. For workers to be certified as eligible to apply for TAA, the Secretary of Labor must determine that workers in a firm have become, or are threatened to become, totally or partially separated; that the firm's sales or production have decreased absolutely; and that increases in like or directly competitive imported products contributed importantly to the total or partial separation and to the decline in the firm's sales or production. Workers certified for TAA are provided with a certification of eligibility and may apply for TAA benefits at the nearest office of the State Employment Security Agency.

NAFTA Transitional Assistance to Workers

The NAFTA Implementation Act¹² established the Transitional Adjustment Assistance program (NAFTA-TAA). That program, which began operation January 1, 1994, provides training, job search, and relocation assistance to workers in companies affected by imports from Canada or Mexico or by shifts of U.S. production to those

¹⁰ Section 250 of the Trade Act of 1974 (19 U.S.C. 2331), as augmented by section 502 of the NAFTA Implementation Act.

¹¹ Sections 251 through 264 of the Trade Act of 1974.

¹² NAFTA Implementation Act, title V, NAFTA Transitional Adjustment Assistance and Other Provisions, Public Law No. 103-182, 107 stat. 2057, section 501-507 (Dec. 8, 1993).

countries.¹³ Data for FY 2000 from the U.S. Department of Labor indicate that 785 petitions were filed for assistance under the NAFTA-TAA program, compared with 980 such filings in FY 1999. Petition activity under the program in FY 1999 and FY 2000 is summarized in table 5-2. As shown, there were 402 completed certifications in FY 2000, covering 47,213 workers.

Table 5-1
Results of petitions filed under the Trade Adjustment Assistance program, FY 1999 and FY 2000

Item	Number of investigations or petitions		Number of workers	
	FY 1999	FY 2000	FY 1999	FY 2000
Completed certifications	1,623	841	156,473	100,906
Partial certifications	8	1	1,932	200
Petitions denied	757	537	79,029	53,583
Petitions terminated or withdrawn . . .	131	94	2,083	2,364
Total	2,519	1,473	239,517	157,053

Source: Preliminary (as of January 2001) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 5-2
Results of petitions filed under the NAFTA Transitional Adjustment Assistance program, FY 1999 and FY 2000

Item	Estimated number of investigations or petitions		Estimated number of workers	
	FY 1999	FY 2000	FY 1999	FY 2000
Petitions filed	980	785	117,962	78,045
Worker groups certified	518	402	68,730	47,213
Petitions denied	378	339	45,875	31,907
Petitions terminated	39	59	(¹)	(¹)

¹ Not available.

Source: Preliminary (as of January 2001) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Assistance to Firms and Industries¹⁴

The U.S. Department of Commerce's Economic Development Administration (EDA) certified 201 firms as eligible to apply for trade adjustment assistance during FY 2000. This figure represents an increase from the 173 firms certified in the previous fiscal

¹³ Petitioners may apply for and, if eligible, be certified under both the TAA and NAFTA-TAA programs. However, such dual-certified workers are only permitted to receive benefits from either the TAA program or the NAFTA-TAA program and must indicate their preferred program.

¹⁴ Information obtained from the Planning and Development Assistance Division, Economic Development Administration, U.S. Department of Commerce.

year. To be certified as eligible to apply for trade adjustment assistance, a firm must show that increased imports of articles like, or directly competitive with, those produced by the firm contributed importantly 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 2000, EDA approved adjustment strategies from 139 firms.

The EDA administers its technical assistance programs through a nationwide network of 12 Trade Adjustment Assistance Centers (TAACs). The TAACs are nonprofit, nongovernment organizations established to help firms qualify for, and receive assistance in, adjusting to import competition. Technical services are provided to certified firms through TAAC staffs and independent consultants under contract with TAACs. Typical technical services include assistance in marketing (e.g., the design of new brochures and web sites), identifying appropriate management information system hardware and software, and developing and completing quality assurance programs. The TAACs' funding for technical services to firms adversely affected by international import competition was \$10.5 million during FY 2000.

In addition to trade adjustment assistance for firms, the EDA also provided \$456,000 in FY 2000 in defense conversion funding to the TAACs. These expenditures assist trade-injured firms in areas that have also experienced economic dislocations from defense expenditure cutbacks.

The Omnibus Appropriations Act of 1998 also provided \$5 million earmarked specifically to assist the Alaskan salmon fishing industry, which was suffering economic losses due to low fish runs in certain areas of Alaska, reduced export sales due to the Asian financial crisis, and reduced domestic sales due to increased competition from foreign farmed salmon. In FY 1999, EDA awarded a \$200,000 grant to the Alaska Seafood Marketing Institute to prepare a strategic marketing plan for the Alaskan salmon fishing industry. In FY 2000, EDA awarded the remaining \$4.8 million of that appropriation to the Alaska Seafood Marketing Institute to implement the strategic marketing plan.

Laws Against Unfair Trade Practices

Several actions were taken in 2000 pursuant to U.S. laws against unfair trade practices. The Commission completed 47 antidumping investigations, 7 countervailing duty investigations, and 16 investigations under section 337 of the Tariff Act of 1930 involving allegations of patent, trademark, or copyright infringement or other unfair methods of competition. In addition, the USTR was involved in a number of actions directed 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.¹⁵ 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 USTR to investigate a foreign government policy or practice, or the USTR may self-initiate an investigation.

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

In 2000, one of the principal developments under the section 301 law stemmed from WTO dispute settlement proceedings in 1999 regarding the EU's banana import regime and the EU's beef hormone ban. In each case, the WTO Dispute Settlement Body authorized the United States to suspend the application of tariff concessions granted to the EU and its member states. Accordingly, in 1999 the United States imposed additional 100 percent ad valorem duties on certain imports from the European Union.¹⁶ In 2000, Congress amended the 301 statute to provide that such retaliation lists should be revised periodically.¹⁷

The EU challenged one aspect of the suspension of concessions in the banana case before the WTO in 1999.¹⁸ The issue in the case concerned the U.S. decision on March 3, 1999 to suspend liquidation and to increase the bonding requirement on certain imports from the EU prior to the final WTO ruling affirming that the EU banana regime is WTO inconsistent.¹⁹ In July 2000, the WTO ruled that the United States acted prematurely in increasing the bonding requirements, but did not require corrective action,²⁰ and this ruling was confirmed by the WTO Appellate Body in December 2000.²¹

¹⁵ See sections 301-309 of the Trade Act of 1974, as amended (19 U.S.C. 2411-2419).

¹⁶ See 64 F.R. 19209, Apr. 19, 1999; and 64 F.R. 40638, July 27, 1999.

¹⁷ See section 306(b)(2) of the Trade Act of 1974 (19 U.S.C. 2416(b)(2)), as added by section 407 of the Trade and Development Act of 2000 (Public Law 106-200), which entered into force on May 18, 2000. See also USTR, press release 00-41, May 26, 2000 and 65 F.R. 34786, May 31, 2000.

¹⁸ 64 F.R. 57689, Oct. 26, 1999.

¹⁹ For more information, see the chapter 4 section on the European Union.

²⁰ USTR, press release 00-54, July 17, 2000.

²¹ USTR, press release 00-87, Dec. 11, 2000.

The USTR initiated one new section 301 investigation in 2000, which concerned certain acts, policies, or practices of the Government of Canada and the Canadian Wheat Board that were alleged to be unreasonable and to burden or restrict U.S. commerce.²² Specifically, the North Dakota Wheat Commission alleged that certain actions of the Canadian Wheat Board, which is a state-trading enterprise with sole control over the purchase and export of western Canadian wheat for human consumption, are unreasonable and have harmed U.S. wheat farmers in the U.S. market and in certain third-country markets.²³ A number of other active section 301 investigations are the subject of ongoing WTO dispute settlement proceedings.²⁴ Table 5-3 contains a list of active cases.

Super 301

The “super 301” law directs the USTR to review trade expansion priorities each year and to identify “priority foreign country practices” which, if eliminated, are likely to have the most potential to increase U.S. exports.²⁵ The identification of a priority foreign country practice would trigger the initiation of a section 301 investigation with specified procedures and timetables. The super 301 law was originally enacted in the Omnibus Trade and Competitiveness Act of 1988.²⁶ It expired in 1990, but was modified and renewed by several subsequent Executive Orders and by the Uruguay Round Agreements Act.²⁷ In 1999, President Clinton issued an Executive Order that extended the super 301 authority for 3 years.²⁸

In the 2000 super 301 report, the USTR did not identify any priority foreign country practices, but it did identify the following top trade expansion priorities: (1) complete China’s accession to the WTO; (2) secure enactment of legislation promoting trade with certain regions; (3) advance negotiations for the Free Trade Area of the Americas; (4) pursue multilateral negotiations to open world markets to U.S. export; and (5) enhance U.S. monitoring and enforcement efforts.²⁹ In addition, the super 301 report announced the initiation of four WTO dispute settlement cases.

²² USTR, press release 00-74, Oct. 23, 2000 and 65 F.R. 69362, Nov. 16, 2000.

²³ For more information, see the chapter 4 section on Canada in this report.

²⁴ For a list, see USTR, *2001 Trade Policy Agenda and 2000 Annual Report*, p. 209.

²⁵ Section 310 of the Trade Act of 1974, as amended (19 U.S.C. 2420).

²⁶ Section 1302 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418; 102 stat. 1176).

²⁷ See Executive Order 12901 of Mar. 3, 1994, 59 F.R. 10727, as amended by Executive Order 12973 of Sept. 27, 1995, 60 F.R. 51665; and section 314(f) of the Uruguay Round Agreements Act (Public Law 103-465).

²⁸ Executive Order 13116 of Mar. 31, 1999, 64 F.R. 16333, Apr. 5, 1999.

²⁹ USTR, press release 00-30, May 1, 2000, and USTR, *Identification of Trade Expansion Priorities Pursuant to Executive Order 13116*, Apr. 30, 2000.

Table 5-3
Summary of section 301 investigations active during 2000

Docket No.	Summary and actions occurring during course of investigation
Docket No. 301-62a	<p data-bbox="618 327 1089 354">European Union and the Meat Hormone Directive</p> <p data-bbox="618 386 1318 659">In 1987, the President announced his intention to impose prohibitive duties on certain imports from the European Union in response to the adoption and implementation of the Meat Hormone Directive, which banned imports of meat produced from animals treated with growth hormones. Following a long series of bilateral consultations during the ensuing years, USTR eventually resorted to the WTO dispute settlement process. In 1997, the WTO found that the EU's ban was inconsistent with its WTO obligations. In 1999, when the EU had not implemented the WTO recommendations, the United States requested and received authorization from the WTO to retaliate against imports from the European Union.</p>
Docket No. 301-100a (see also 301-94)	<p data-bbox="618 709 1073 737">European Union and the Banana Import Regime</p> <p data-bbox="618 768 1318 1178">In September 1994, Chiquita Brands International Inc. and the Hawaii Banana Industry Association filed a section 301 petition alleging that various acts, policies, and practices of the European Union with respect to the importation, sale, and distribution of bananas were discriminatory. USTR initiated a 301 investigation in October 1994. In September 1995, USTR terminated the initial 301 investigation and initiated a second, expanded 301 investigation of the European Union's banana import regime. Following a series of bilateral and multilateral consultations during the ensuing years, USTR eventually resorted to the WTO dispute settlement process. In 1997, the WTO found that the EU's banana import regime was inconsistent with its obligations under the WTO. In 1999, when the EU had not yet implemented the WTO recommendations and conformed its banana import regime with its obligations under the WTO, the United States requested and received authorization from the WTO to retaliate against imports from the European Union.¹</p>
Docket No. 301-107	<p data-bbox="618 1228 1008 1255">Australia and Subsidies Affecting Leather</p> <p data-bbox="618 1287 1318 1612">In 1996, the Coalition Against Australian Leather Subsidies filed a section 301 petition alleging that the Government of Australia granted subsidies to the automotive leather industry that violate the Subsidies Agreement, and USTR initiated a 301 investigation. Following a series of bilateral consultations during the ensuing years, USTR eventually resorted to the WTO dispute settlement process. In May 1999, the WTO found that the Australian subsidies violate Australia's WTO obligations.² Thereafter, bilateral consultations were held regarding the implementation of the recommendations of the WTO panel report. Eventually, the United States asked the WTO to review Australia's implementation of the initial ruling, and the WTO found that Australia had failed to comply.³ In June 2000, the United States and Australia negotiated a mutually satisfactory resolution of the dispute.⁴</p>
Docket No. 301-118	<p data-bbox="618 1642 1162 1669">Mexico and Practices Affecting High Fructose Corn Syrup</p> <p data-bbox="618 1701 1318 1822">On April 2, 1998, the Corn Refiners Association, Inc. filed a section 301 petition alleging that the Government of Mexico denies fair and equitable market opportunities for U.S. exporters of high fructose corn syrup (HFCS) by facilitating an agreement between the Mexican sugar industry and Mexican soft drink bottlers to limit the use of HFCS. A section 301</p>

See footnotes at end of table.

Table 5-3—Continued
Summary of section 301 investigations active during 2000

Docket No.	Summary and actions occurring during course of investigation
Docket No. 301-118	<p>Mexico and Practices Affecting High Fructose Corn Syrup—Continued</p> <p>investigation was initiated in May 1998, and in May 1999, USTR announced that it would continue consultations with the Government of Mexico with the aim of securing fair and equitable market access for U.S. HFCS producers.⁵ In a related development before the WTO, USTR successfully challenged Mexico's imposition of antidumping duties on imports of U.S. HFCS.⁶</p>
Docket No. 301-120	<p>Canada and Wheat Trading Practices of the Canadian Wheat Board</p> <p>On September 8, 2000, the North Dakota Wheat Commission filed a section 301 petition alleging that certain wheat trading practices of the Government of Canada and the Canadian Wheat Board are unreasonable and that such practices burden or restrict U.S. commerce. On October 23, 2000, the USTR initiated a 301 investigation, which is ongoing.</p>

¹ For more information about the WTO case, see chapter 4 of this report.

² See USTR, press release 99-45, May 25, 1999.

³ See USTR, press release 00-04, Jan. 27, 2000.

⁴ See USTR, press release 00-48, June 21, 2000.

⁵ See USTR, press release 99-44, May 14, 1999, and 64 F.R. 28860, May 27, 1999. Also, for more information, see chapter 4 of this report.

⁶ 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 web site at <http://www.wto.org>.

Source: Compiled by USITC.

Special 301

The "special 301" law states that, each year, the USTR shall identify countries that deny adequate and effective protection of intellectual property rights (IPR) or that deny fair and equitable market access for persons who rely on intellectual property protection.³⁰ A country may be found to be denying adequate and effective IPR protection even if it is in full compliance with its obligations under the WTO TRIPs Agreement. In addition, the special 301 law directs the USTR to identify "priority foreign countries." Such countries have the weakest IPR protection, which results in the greatest adverse impact (actual or potential) on the relevant U.S. products. The identification of a priority foreign country would trigger the initiation of a section 301 investigation with specified procedures and timetables.

In the annual special 301 review process, the USTR has adopted a policy of naming countries to the so-called Watch List or to the Priority Watch List if the countries' IPR laws and practices do not provide adequate and effective IPR protection, but the deficiencies do not warrant identification of the countries as priority foreign countries.

³⁰ Section 182 of the Trade Act of 1974, as added by section 1303 of the Omnibus Trade and Competitiveness Act of 1988 (Public Law 100-418; 102 stat. 1179), as amended (19 U.S.C. 2242).

The Priority Watch List is for countries with significant IPR problems that warrant close monitoring and bilateral consultation. A country that is identified on the Priority Watch List may make progress and be downgraded to the Watch List or removed from any listing; alternatively, a country that fails to make progress may be elevated from the Watch List to the Priority Watch List or from the Priority Watch List to the list of priority foreign countries.

In the 2000 special 301 review, the USTR devoted special attention to (1) proper and timely implementation of the WTO TRIPs agreement by developing country WTO members; (2) cracking down on production of unauthorized copies of optical media, such as CDs, VCDs, DVDs, and CD-ROMs; and, (3) ensuring that ministries of foreign governments use only authorized software.³¹ Overall, the USTR identified 59 countries that deny adequate and effective IPR protection. Although no countries were identified as priority foreign countries, the USTR specifically identified Ukraine as a potential priority foreign country. Sixteen countries were placed on the Priority Watch List, and 39 countries were placed on the Watch List. The USTR noted that China and Paraguay were the subject of formal monitoring to ensure that each country complies with previous commitments made under a bilateral IPR agreement. The USTR announced that the United States would invoke WTO dispute settlement consultation procedures with Argentina and Brazil and proceed to a WTO panel with Denmark unless progress is made. In addition, the USTR announced that so-called out-of-cycle reviews would be conducted of the IPR regimes in El Salvador, Italy, Korea, Macau, and the West Bank and Gaza.

Antidumping Investigations

The U.S. antidumping law is contained in title VII of the Tariff Act of 1930.³² The antidumping law provides relief in the form of special additional duties that are intended to offset margins of dumping. Antidumping duties are imposed when (1) the U.S. Department of Commerce (the administering authority) has determined that imports are being, or are likely to be, sold at less than fair value (LTFV) in the United States and (2) the Commission has determined that a U.S. industry is materially injured or threatened with material injury or that the establishment of an industry in the United States is materially retarded by reason of such imports. Most investigations are conducted on the basis of a petition filed with Commerce and the Commission by or on behalf of a U.S. industry.

In general, imports are considered to be sold at LTFV when the U.S. price (i.e., the purchase price or the exporter's sales price, as adjusted) is less than the foreign market value, which is usually the home-market price or, in certain cases, the price in a third country, or a constructed value, calculated as set out by statute.³³ The antidumping

³¹ USTR, press release 00-30, May 1, 2000, and USTR, *2000 Special 301 Report*, May 1, 2000.

³² 19 U.S.C. 1673 et seq.

³³ 19 U.S.C. 1677(b); 19 CFR part 353, subpart D.

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 antidumping investigations in making their separate determinations.³⁴ Fifty-one new antidumping investigations were instituted during 2000 and the Commission completed 47 investigations.³⁵ Antidumping duties were imposed as a result of affirmative determinations in 21 of those completed investigations, on products from 13 different countries. The antidumping orders put into effect in 2000 are shown in the following tabulation (in alphabetical order by country):

<u>Country</u>	<u>Item</u>
China	Aspirin
China	Creatine monohydrate
China	Non-frozen apple juice concentrate
China	Synthetic indigo
Czech Republic	Seamless pipe
France	Carbon steel plate
India	Carbon steel plate
Indonesia	Carbon steel plate
Italy	Carbon steel plate
Japan	Carbon steel plate
Japan	Seamless pipe
Japan	Structural steel beams
Japan	Tin mill products
Korea	Carbon steel plate
Korea	Polyester staple fiber
Korea	Structural steel beams
Mexico	Seamless pipe
Romania	Seamless pipe
Russia	Ammonium nitrate (suspended)
South Africa	Seamless pipe
Taiwan	Polyester staple fiber

³⁴ Upon the filing of a petition, the Commission has 45 days to make a determination of whether there is a reasonable indication of material injury or threat of material injury to an industry or of material retardation of the establishment of an industry. 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 article is being, or is likely to be, sold at LTFV. If Commerce reaches a final affirmative dumping determination, the Commission has 45 days to make its final injury determination. If the Commission's reasonable indication or preliminary phase determination is negative, both the Commission and Commerce terminate further investigation.

³⁵ The data reported here and in the following two sections (Countervailing Duty Investigations and Reviews of Outstanding Antidumping and Countervailing Duty Orders or Suspension Agreements) reflect

Details on all antidumping investigations active at the Commission during 2000 are presented in table A-25 and a list of all antidumping orders, including suspension agreements,³⁶ in effect as of the end of the year is presented in table A-26.

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.³⁷ 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.

Twelve new countervailing duty investigations were instituted during 2000 and the Commission completed seven investigations. Countervailing duties were imposed as a result of affirmative determinations in six of those completed investigations on products from five different countries. The countervailing duty orders put into effect in 2000 are shown in the following tabulation (in alphabetical order by country):

<u>Country</u>	<u>Item</u>
France	Carbon steel plate
India	Carbon steel plate
Indonesia	Carbon steel plate
Italy	Carbon steel plate
Korea	Carbon steel plate
Korea	Structural steel beams

Details on all countervailing duty investigations active at the Commission during 2000 are presented in table A-27 and a list of all countervailing duty orders, including suspension agreements,³⁸ in effect as of the end of the year is presented in table A-28.

³⁵—*Continued*

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.

³⁶ An antidumping investigation may be suspended through an agreement before a final determination by Commerce. An 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 completely eliminate the injurious effect of the imports. A suspended investigation is reinstated should LTFV sales recur. See 19 U.S.C. 1673(c).

³⁷ 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).

³⁸ A countervailing duty investigation may be suspended through an agreement before a final determination by Commerce if the subsidizing country or exporters accounting for substantially all of the

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 2000.

The Uruguay Round Agreements Act amended section 751 of the Tariff Act of 1930 to require both Commerce and the Commission to conduct sunset reviews of outstanding orders and suspension agreements 5 years after their publication to determine whether revocation of an order or suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.³⁹ During 2000, Commerce and the Commission instituted 25 sunset reviews of existing antidumping and countervailing duty orders or suspension agreements⁴⁰ and completed 167 reviews, resulting in 53 orders or suspension agreements being revoked and 114 orders or suspension agreements being continued for 5 additional years. Table A-29 shows completed reviews of antidumping orders or suspension agreements and table A-30 shows completed reviews of countervailing duty orders or suspension agreements.⁴¹

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

³⁸—*Continued*

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 or extraordinary circumstances are present and the government or exporters agree to completely eliminate the injurious effect of the imports of the merchandise under investigation. A suspended investigation is reinstated if subsidization recurs. See 19 U.S.C. 1671(c).

³⁹ 19 U.S.C. 1675(c).

⁴⁰ Two of these reviews were subsequently terminated and the outstanding order/suspension agreement revoked because a domestic industry did not request that they be continued. The revoked antidumping order was on pure magnesium from Russia and the revoked antidumping suspension agreement was on honey from China.

⁴¹ For detailed information on reviews instituted, as well as Commission action in all reviews, see the Commission's Internet web site section entitled "Five-year Sunset Reviews" at <http://www.usitc.gov/webinv.htm>.

investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work, for which a domestic industry exists or is in the process of being established.⁴²

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.⁴³ The President may disapprove a Commission order within 60 days of its issuance for policy reasons.

During 2000, there were 27 active investigations and ancillary proceedings, 17 of which were instituted in 2000. All of the new section 337 investigations instituted by the Commission contained allegations of infringement of U.S. patents by imported merchandise. Three of those investigations also included allegations of registered trademark infringement and/or misappropriation of trade dress. The Commission completed a total of 16 investigations under section 337 in 2000, including four ancillary proceedings (two advisory opinion proceedings, a reconsideration proceeding, and a bond forfeiture proceeding) relating to previously concluded investigations. 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 software-based modems, wireless communication devices, computer control systems for plastic molding machines, various types of memory chips and related integrated circuit devices, and processes for semiconductor fabrication. In addition, several section 337 investigations involved other sophisticated technologies, including excimer laser systems for vision correction surgery, condensers used in automobile air conditioners, and magnetic resonance injection systems. Other section 337 investigations active during 2000 concerned safety eyewear, disposable cameras, lavatory faucets, cigarettes and related packaging, spiral grilled fans, and bar clamps used in woodworking and home repair.

⁴² 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 other unfair acts are misappropriation of trade secrets, common law trademark infringement, misappropriation of trade dress, 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.

⁴³ 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.

Three exclusion orders were issued during 2000. Several investigations were terminated by the Commission without determining whether section 337 had been violated. Generally, these terminations were based on a settlement agreement or consent order. At the close of 2000, 11 section 337 investigations were pending at the Commission. Commission activities involving section 337 actions in 2000 are presented in table A-31.

As of December 31, 2000, a total of 51 outstanding exclusion orders based on violations of section 337 were in effect, of which 29 involved unexpired patents. Table A-32 lists the investigations in which these exclusion orders were issued.

Other Import Administration Laws and Programs

Tariff Preference Programs

Generalized System of Preferences

The 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, title I (African Growth and Opportunity Act) of the Trade and Development Act of 2000, enacted May 18, 2000, 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, 2008.⁴⁴ By offering unilateral tariff preferences, the GSP program reflects the U.S. commitment to three broad goals: (1) to promote economic development in developing and transitioning economies through increased trade, rather than foreign aid; (2) to reinforce U.S. trade policy objectives by encouraging beneficiaries to open their markets, to comply more fully with international trading rules, and to assume greater responsibility for the international trading system; and (3) to help maintain U.S. international competitiveness by lowering costs for U.S. business and lowering prices for American consumers. The GSP program expired on June 30, 1999, and was extended retroactively through September 30, 2001, by legislation signed by the President on December 17, 1999.⁴⁵

⁴⁴ Public Law 106-200.

⁴⁵ Public Law 106-170.

Countries are designated as “beneficiary developing countries” under the program by the President. The President cannot designate certain developed countries named in the statute. Nor can the President designate countries that afford preferential treatment to the products of a developed country, other than the United States, that has, or is likely to have, a significant adverse effect on U.S. commerce or countries that do not afford adequate protection to intellectual property rights or do not afford internationally recognized 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 the GSP. Certain articles (for example, footwear, textiles, and apparel) are designated by statute as import-sensitive and thus not eligible for duty-free treatment under the GSP program.⁴⁷ 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.

Each year (unless otherwise specified in a *Federal Register* notice), USTR conducts a review process in which products can be added to, or removed from, the GSP program or in which a beneficiary’s compliance with the eligibility requirements can be reviewed. On July 5, 2000, USTR announced in a *Federal Register* notice (65 F.R. 41514) the cancellation of the Annual GSP Product Review for the year 2000 and invited the submission of petitions for the 2000 Annual GSP Country Eligibility Practices Review.

In June 2000, the President proclaimed certain modifications to the GSP implementing decisions made in regard to the 1999 Annual GSP Review. The modifications provided (1) that the limitation provided for in section 503(c)(2)(A)(i)(II) of the Trade Act of 1974 shall not apply to a certain article because no like or directly competitive article was produced in the United States on January 1, 1995; (2) for the granting of de minimis waivers for certain articles and restoration to preferential treatment of certain eligible articles from certain beneficiary countries; (3) for the exclusion of specified articles from certain beneficiary countries from eligibility for preferential treatment under GSP where shipments exceeded the competitive need limits for calendar year 1999; and (4) for the granting of waivers of the competitive need limits for two Harmonized Tariff Schedule of the United States (HTS) subheadings for certain countries.

One of the major developments under the GSP program in 2000 was enactment of the African Growth and Opportunity Act (AGOA) under the Trade and Development Act of 2000 on May 18, 2000. The AGOA offers qualifying beneficiary sub-Saharan African countries enhanced access to the U.S. market through the GSP program by making over 1,800 new products eligible for duty-free treatment through September 30, 2008.⁴⁸ In May 2000, the Trade Policy Staff Committee (TPSC) listed the products that were to be reviewed for possible duty-free importation from certain sub-Saharan African countries as provided under the AGOA. USTR requested the Commission to provide advice concerning the probable economic effect of granting duty-free

⁴⁶ 19 U.S.C. 2462(b).

⁴⁷ 19 U.S.C. 2463.

⁴⁸ For more information on the trade preferences granted qualifying textiles and apparel under the AGOA, see section on the U.S. textile and apparel trade program later in this chapter. See also, USTR, *2001 Trade Policy Agenda and 2000 Annual Report of the President of the United States on the Trade Agreements Program*, pp. 196-197.

treatment to the list of products from sub-Saharan African countries. In December 2000, the President proclaimed approximately 1835 products as eligible for duty-free treatment under the GSP when imported from designated beneficiary sub-Saharan African countries.

Several other actions were taken by USTR under the GSP in 2000:

- In February 2000, the TPSC announced, absent a substantial improvement in Belarus labor practices, that the TPSC proposed to recommend that the President withdraw all GSP benefits for Belarus. In July 2000, the President proclaimed the suspension of Belarus's GSP benefits because it had not taken steps and was not taking steps to afford in that country internationally recognized worker rights.
- Also in February, the TPSC announced the acceptance of petitions to review the status of Armenia, the Dominican Republic, Kazakhstan, Moldova, Ukraine, and Uzbekistan as beneficiary developing countries in relation to their practices concerning intellectual property protection.
- In May 2000, USTR solicited comments related to the designation of Nigeria as a beneficiary developing country under the GSP. In August, the President proclaimed the designation of Nigeria as a beneficiary developing country for purposes of the GSP.
- In June 2000, USTR informed the public that because Bangladesh had not taken sufficient steps to provide internationally recognized worker rights, the United States was preparing to withdraw, in whole or in part, duty-free treatment accorded to imports from Bangladesh under the GSP and sought public comment on the impact of suspending duty-free treatment under the GSP for articles from Bangladesh.
- Also in June, USTR restored GSP treatment to certain refined copper bars imported from Russia due to a correction of a data error.
- In July 2000, the President proclaimed the graduation of four countries (Malta, French Polynesia, New Caledonia, and Slovenia) effective January 1, 2002, from the GSP due to becoming a "high income" country under GSP law.
- In September 2000, USTR informed the public that because Swaziland had not taken sufficient steps to provide internationally recognized worker rights, the United States was preparing to withdraw, in whole or in part, duty-free treatment accorded to imports from Swaziland under the GSP and sought public comment on the impact of suspending duty-free treatment under the GSP for articles from Swaziland.
- In November 2000, USTR published a notice in the *Federal Register* requesting public comment on possible changes in the GSP product eligibility list for India through the redesignation and waiver of competitive need limitations for certain articles. USTR also announced that comment would be

sought early in 2001 on whether to restrict certain GSP benefits currently enjoyed by India and that specific tariff headings to be considered would be circulated early in the year. USTR requested the Commission to provide advice as to whether any industry in the United States would be likely to be adversely affected by the waivers for the certain articles from India.

- In December 2000, the President proclaimed a change in the designation of Western Samoa to Samoa and the designation of Samoa as a least-developed beneficiary developing country under the GSP.
- Also in December, the President proclaimed the restoration of GSP benefits to certain handloomed cotton fabrics imported from India.

There were \$16.4 billion in duty-free imports entered under the GSP program in 2000, accounting for 9.7 percent of total U.S. imports from GSP beneficiaries and 1.4 percent of total U.S. imports (table 5-4). Angola was the leading GSP beneficiary in 2000, followed by Thailand, Brazil, Indonesia, and India (table 5-5). Appendix table A-33 shows the top 20 GSP products or product categories in 2000, and table A-34 shows the overall sectoral distribution of GSP benefits.

Caribbean Basin Economic Recovery Act and United States-Caribbean Basin Trade Partnership Act

Eligible imports from 24 countries and territories in the Caribbean and Central America entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA) during 2000.⁴⁹ Tariff preferences under CBERA have been effective since January 1, 1984, and, as amended, the Act currently has no statutory expiration date.⁵⁰ CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).⁵¹ President Reagan launched CBI in 1982 to promote export-led economic growth and economic diversification in the countries in the Caribbean Basin.⁵²

A wide range of Caribbean products is eligible for duty-free entry under CBERA. Excluded by statute from duty-free entry, however, are certain tuna, petroleum and petroleum derivatives, certain footwear, some watches and watch parts, and most textiles and apparel. Certain agricultural products, including sugar, dairy products, cotton, peanuts, and beef, may receive duty-free entry subject to U.S. quotas and/or health requirements. Other restrictions apply to ethyl alcohol produced from

⁴⁹ The 24 countries designated for CBERA benefits are listed in table A-36.

⁵⁰ 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 Law 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.

⁵¹ For a more detailed description of the CBERA, including country and product eligibility, see USITC, *Caribbean Basin Economic Recovery Act: Impact on the United States, Fourteenth Report*, 1998, USITC publication 3234, September 1999.

⁵² President, "Address Before the Permanent Council of the Organization of American States," *Weekly Compilation of Presidential Documents*, Mar. 1, 1982, pp. 217-223.

Table 5-4
U.S. imports for consumption¹ from GSP beneficiaries and the world,
2000

(Million dollars)

Item	All GSP beneficiaries	World
Total imports	168,572	1,200,560
Total GSP-eligible products ²	25,781	537,224
Non-LDBDC eligible products	22,277	267,260
LDBDC eligible products	3,504	269,964
Total duty-free under GSP ³	16,422	16,422
Duty-free under non-LDBDC GSP	13,244	13,244
Duty-free under GSP-LDBDC	3,178	3,178
Total of GSP eligible products not benefitting from GSP duty-free treatment	9,358	520,801
GSP program exclusions	4,810	4,810
All other	4,549	515,992
Noneligible products imports	142,791	663,336

¹ Customs-value basis; excludes imports into the Virgin Islands.

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

³ Over \$16.4 million of trade was reported by the U.S. Department of Commerce in 2000 of receiving preferential duty-free treatment under GSP program, when in fact it was duty-free under normal trade relations. The trade was excluded.

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

Table 5-5
U.S. imports for consumption and imports under the GSP from leading
beneficiaries and total, 2000

(Million dollars)

Rank	Beneficiary	Imports of GSP articles		
		Total imports	GSP-eligible	GSP duty-free
1	Angola	3,054	3,010	2,844
2	Thailand	16,298	3,220	2,203
3	Brazil	13,694	2,869	2,083
4	Indonesia	10,322	1,897	1,369
5	India	10,664	2,139	1,134
6	Philippines	13,943	1,155	745
7	Venezuela	15,548	761	745
8	South Africa	4,204	659	583
9	Russia	7,752	578	514
10	Turkey	3,025	601	435
11	Chile	3,257	827	419
12	Kazakhstan	431	327	326
13	Hungary	2,711	410	318
14	Poland	1,040	398	316
15	Czech Republic	1,069	392	279
	Top 15	107,013	19,241	14,312
	Total, all other	1,093,546	6,539	2,110
	Total	1,200,560	25,781	16,422

Note.—Calculations based on unrounded data.

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

non-Caribbean feedstock. Handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel are not eligible for CBERA duty-free entry. However, CBERA duty rates on these articles were reduced by a total of 20 percent, but by not more than 2.5 percentage points, beginning January 1, 1992, in five equal installments.

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, is the most recent enhancement of the CBERA program.⁵³ CBTPA became effective on October 1, 2000, and is scheduled to expire on September 30, 2008, unless the Free Trade Area of the Americas or a comparable free trade agreement between the United States and CBERA countries enters into force earlier.

CBTPA is principally aimed at eliminating the competitive disadvantage that CBERA countries have faced vis-a-vis Mexico since the implementation of NAFTA in 1994. Notably, CBTPA authorizes preferential tariff treatment for certain qualifying apparel articles, the assembly of which is an important Caribbean industry, on a basis essentially equivalent to the trade preferences provided under NAFTA for similar goods from Mexico.⁵⁴ For the most part, these apparel goods must be made wholly of

⁵³ Trade and Development Act of 2000 (Public Law 106-200, title II).

⁵⁴ For CBTPA provisions related to textiles and apparel, see "Textile and Apparel Related Legislation" later in this chapter.

U.S. inputs and assembled in an eligible CBTPA country listed in chapter 98 of the HTS, whereas apparel from Mexico can be imported free of duty under NAFTA as long as the fabric used to make the apparel is of North American origin. The CBTPA also extended NAFTA-equivalent treatment (rates of duty equivalent to those accorded to goods of Mexico, under the same rules of origin applicable under NAFTA) to a number of other products previously excluded from CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts.

However, CBERA beneficiaries are not automatically eligible for CBTPA preferences. In considering the eligibility of these countries for CBTPA beneficiary country status, the CBTPA required the President to take into account certain eligibility criteria, including the extent to which the country has implemented its WTO commitments, participated in the FTAA process, protected intellectual property rights and internationally recognized workers' rights, implemented its commitments to eliminate the worst forms of child labor, cooperated with the United States on counternarcotic initiatives, implemented an international anticorruption convention, and applied transparent, nondiscriminatory, and competitive procedures in government procurement. During the summer of 2000, an extensive review of CBERA beneficiaries' compliance with these requirements was conducted.

Based on this review, on October 2, 2000, President Clinton designated all 24 current CBERA beneficiaries as eligible for CBTPA preferences, but this designation did not mean that each of the 24 would immediately receive all CBTPA benefits. As of the end of 2000, 11 countries have been found to satisfy customs-related requirements established in the CBTPA as well, thereby becoming fully eligible for benefits under the new legislation. These countries are: Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, and Panama.⁵⁵

Total U.S. imports from CBERA beneficiary countries in 2000 amounted to \$22.2 billion, of which \$2.6 billion or 11.9 percent entered under CBERA preferences (table 5-6). An additional \$157 million, or 0.7 percent of the total, entered under the CBTPA program, which became effective only during the last quarter of 2000. The leading items afforded duty-free entry under CBERA in 2000 were cigars and other tobacco products; methanol (methyl alcohol); gold and platinum jewelry; sugar; and pineapples (table A-35). Four countries—the Dominican Republic, Costa Rica, Trinidad and Tobago, and Guatemala—accounted for more than 75 percent of all U.S. imports under CBERA (table A-36).⁵⁶

The share of U.S. imports from CBERA countries that entered under CBERA was 11.9 percent in 2000, compared with 13.6 percent in 1999 and 18.8 percent in 1998. The decline in the relative significance of CBERA can be attributed principally to three

⁵⁵Trinidad and Tobago became fully eligible as of Feb. 6, 2001. See HTS general note 17 and legal notes in subchapters II and XX of chapter 98 of the HTS. Countries can be added to the general note list, dealing with nontextile goods, without qualifying for the textile articles benefits of chapter 98.

⁵⁶Section 213(a) of CBERA (19 U.S.C. 2703(a)) establishes criteria, or rules of origin, to determine which articles are eligible for duty-free treatment under the Act.

Table 5-6
U.S. imports for consumption from CBERA countries, 1998-2000

Item	1998	1999	2000
Total imports (1,000 dollars)	17,124,281	19,364,762	22,161,075
Total under CBERA (1,000 dollars)	3,224,564	2,637,200	2,635,549
Percent of total	19	14	12

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

factors: (1) the elimination of general duty rates on some CBERA-eligible products that made it unnecessary that they should be entered under a preferential program; (2) smaller U.S. quotas on sugar (a CBERA-eligible product) from most countries, including CBERA beneficiaries, and (3) a surge in the price of petroleum products that increased the value of that portion of overall imports that entered outside CBERA.

Andean Trade Preference Act

Eligible imports from Bolivia, Colombia, Ecuador, and Peru entered the United States free of duty under the Andean Trade Preference Act (ATPA) during 2000.⁵⁷ ATPA has been operative since December 4, 1991 and is scheduled to expire on December 4, 2001.⁵⁸ ATPA is the trade-related component of the Andean Trade Initiative. To combat the production of illegal narcotics in the Andean region, President George Bush launched the initiative in 1990 to help beneficiaries promote export oriented industries.⁵⁹

ATPA benefits were modeled after CBERA, but some limits are linked to GSP. A wide range of Andean products are eligible for duty-free entry.⁶⁰ ATPA excludes from duty-free entry most textiles and apparel, certain footwear, canned tuna, petroleum and petroleum derivatives, certain watches and watch parts, and certain sugar products and rum. Also, handbags, luggage, flat goods, work gloves, and leather wearing apparel are not eligible for ATPA duty-free entry. However, ATPA duties on these articles were reduced by a total of 20 percent, but not more than 2.5 percent ad valorem, beginning January 1, 1992, in five equal annual installments. Compared with the CBTPA, which expands the tariff preferences granted under CBERA to qualifying CBERA beneficiary countries, ATPA excludes more products from duty-free entry.⁶¹

U.S. imports from the four Andean countries totaled \$11.1 billion in 2000 (table 5-7). Imports under ATPA preferences (shown by country in table A-37) were valued at

⁵⁷ For a more detailed description of the ATPA, including country and product eligibility, see USITC, *Andean Trade Preference Act: Impact on U.S. Industries and Consumers and on Drug Crop Eradication and Crop Substitution, Seventh Report, 1999*, publication 3358, September 2000.

⁵⁸ 19 U.S.C. 3202. The Andean Trade Preference Expansion Act (ATPEA), S.525, was introduced in March 2001 to extend and expand ATPA trade preferences. For more information, see chapter 5 section on the U.S. textile and apparel trade program.

⁵⁹ President, "Remarks Following Discussions With President Rodrigo Borja Cevallos of Ecuador," *Weekly Compilation of Presidential Documents*, July 23, 1990, pp. 1140-1143.

⁶⁰ Section 204(a) of ATPA (19 U.S.C. 3203(a)) establishes rules of origin to determine which articles are eligible for duty-free treatment under the Act.

⁶¹ For more information, see the previous section on CBERA and CBTPA.

Table 5-7
U.S. imports for consumption from ATPA countries, 1998-2000

Item	1998	1999	2000
Total imports (1,000 dollars)	8,361,036	9,830,217	11,117,225
Total under APTA (1,000 dollars)	1,645,196	1,750,279	1,981,632
Percent of total	20	18	18

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

\$1.98 billion, or 17.8 percent of the total, a share unchanged from the previous year. The leading items afforded duty-free entry under ATPA in 2000 were refined copper cathodes, pigments dispersed in nonaqueous media, fresh-cut roses, and fresh-cut chrysanthemums, standard carnations, anthuriums, and orchids, as well as other cut flowers (table A-38).

U.S. imports from the four ATPA countries rose 13 percent between 1999 and 2000, with a similar increase under ATPA-covered products. Imports from Peru, the major beneficiary for the first time since the enactment of the Act, increased 6 percent overall and 34 percent under the agreement. The large increase under ATPA can be attributed to the growth in imports of refined copper products. Imports from Colombia, the second largest ATPA beneficiary, increased by nearly 14 percent, while ATPA imports were up by about 4 percent. Petroleum led Colombia's growth in total imports, followed by coffee. Petroleum is Colombia's largest export. Pigments are Colombia's largest export under ATPA, followed by fresh-cut roses.

Total U.S. imports from Ecuador increased more than 22 percent, led by petroleum. Under ATPA, U.S. imports from Ecuador fell by nearly 5 percent, led by tuna and skipjack, the largest category of preferential imports. Shipments of Ecuadorean roses were virtually unchanged from 1999. U.S. imports from Bolivia, the smallest Andean beneficiary country, declined by nearly 18 percent, mainly as a result of decreased shipments of distillate fuel. Imports of Bolivian products under ATPA were unchanged from 1999.⁶²

National Security Import Restrictions

Section 232 of the Trade Expansion Act of 1962 authorizes the President, on the basis of a formal investigation and report by the Secretary of Commerce, to impose restrictions on imports that threaten to impair the national security of the United States.⁶³ Among the most important criteria considered by the Department of Commerce are:

- requirements of the defense and essential civilian sectors;
- maximum domestic production capacity;

⁶² Compiled from official statistics of the U.S. Department of Commerce.

⁶³ 19 U.S.C. 1862.

- quantity, quality, and availability of imports;
- impact of foreign competition on the economic welfare of the essential domestic industry; and
- other factors relevant to the unique circumstances of the specific case.

The President has 90 days to decide on appropriate action after receipt of the secretary's findings. The section 232 authority to adjust imports has been used sparingly in the past. It has most notably been employed in connection with the imposition of quotas, fees, or economic sanctions on imports of petroleum products. There were no section 232 actions in effect as of the end of 2000.

Agricultural Adjustment Act

Under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624), the President may impose import fees or quantitative limitations to restrict imports that render ineffective or materially interfere with the operation of any U.S. Department of Agriculture program. The President acts on the basis of a Commission investigation and report, although he may take emergency action pending receipt of that report. Following advice of the Secretary of Agriculture and the Commission investigation, the President may modify, suspend, or terminate import restrictions because of changed circumstances. There were no investigations conducted or actions in effect under section 22 during 2000 (the Uruguay Round Agreements Act prohibits the imposition of quantitative limitations or fees on articles that are the product of a WTO member).

U.S. Textile and Apparel Trade Program

The Uruguay Round Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing (ATC) entered into force as part of the 1995 Uruguay Round Agreements that established the WTO, creating special interim rules for trade in textiles and apparel. The ATC replaced the 1974 Multifiber Arrangement (MFA), which was negotiated under the General Agreement on Tariffs and Trade (GATT) and which permitted the use of quotas without compensation. Under the ATC, WTO member countries that had MFA quotas in place in 1995—the United States, European Union, Canada, and Norway—are to eliminate the quotas and integrate textiles and apparel into the GATT regime over a 10-year transition period ending on January 1, 2005. As these goods are integrated into the GATT regime, they become subject to the same GATT rules as trade in other sectors.⁶⁴

⁶⁴ For more information on the ATC, see USITC, *The Year in Trade: Operation of the Trade Agreements Program, 51st Report, 1999* (investigation No. 332-325), USITC publication 3336, August 2000, p. 98.

The United States has quotas on textiles and apparel from 48 countries as of January 1, 2001, which together accounted for 84 percent of the total value of U.S. imports of these goods in 2000 (table 5-8). U.S. quotas are being phased out for Mexico under NAFTA and the other 38 WTO member countries under the ATC. The nine non-WTO members subject to quotas, led by China and Taiwan, are ineligible for ATC benefits.⁶⁵

U.S. Quota Activity in 2000

U.S. quota activity with WTO member countries in 2000 involved a WTO review of new quotas set on imports of certain yarn from Pakistan and underwear from Turkey. Pakistan challenged the transitional safeguard measure (a quota) that the United States imposed on March 17, 1999 on imports of combed cotton yarn from Pakistan. The WTO Textiles Monitoring Body (TMB), which supervises the implementation of the ATC provisions, had recommended that the United States rescind its import quota on combed cotton yarn from Pakistan, which was established in March 1999 and extended for another year in March 2000. The United States informed the TMB that it was unable to comply with its recommendation.⁶⁶ At the request of Pakistan, in June 2000, the WTO Dispute Settlement Body (DSB) agreed to establish a panel to rule on the U.S. quota.⁶⁷ On May 31, 2001, the WTO released its panel report on *United States - Transitional Safeguard Measure on Combed Cotton Yarn from Pakistan*. The panel concluded that the U.S. restraint on combed cotton yarn is inconsistent with the provisions of Article 6 of the ATC, and recommended that the United States conform with ATC obligations by promptly removing the import restraint.⁶⁸ Regarding Turkey, in March 2000 the TMB issued an opinion that the new U.S. import quota established on its cotton- and manmade-fiber underwear for the period from June 1, 1998 through December 31, 2002,⁶⁹ "had not been demonstrated to be in conformity with the provisions of the ATC."⁷⁰ Because the TMB statement was an opinion, the United States chose to leave the quota in place.⁷¹

⁶⁵ Imports of textiles and apparel from 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 provides the President with the basic statutory authority to enter into agreements with foreign governments to limit their exports of these goods to the United States.

⁶⁶ WTO, TMB, Fifty-Sixth Meeting of the TMB, Note by the Chairman, document G/TMB/19, June 29, 1999, found at Internet address <http://www.wto.org>, retrieved Mar. 22, 2000.

⁶⁷ WTO, DSB, "Annual Report (2000)," WT/DSB/21, Nov. 27, 2000, found at Internet address <http://docsonline.wto.org>, retrieved Mar. 2, 2001.

⁶⁸ WTO "Report of the Panel -United States-Transitional Safeguard Measure on Combed Cotton Yarn from Pakistan," WT/DS192/R, May 31, 2001, found at Internet address <http://www.wto.org>, retrieved June 1, 2001.

⁶⁹ U.S. Department of Commerce (chair), Committee for the Implementation of Textile Agreements, "Establishing and Increasing Import Limits for Certain Cotton, Wool, and Man-Made Fiber Textile Products Produced or Manufactured in Turkey," 63 F.R. 27923.

⁷⁰ See WTO, Textiles Monitoring Body, *Report of the Sixty-First Meeting*, document G/TMB/R/60, Jan. 28, 2000, found at Internet address <http://www.wto.org>, retrieved Mar. 23, 2000.

⁷¹ USTR staff, e-mail communication to Commission staff, Feb. 14, 2001.

Table 5-8
Trading partners with which the United States has textile and apparel
quotas, as of January 1, 2001, and U.S. imports of textiles and apparel
from these partners in 2000

(Million dollars)

Partners	Imports
<i>WTO members subject to the ATC</i>	
Bahrain	173
Bangladesh	2,205
Brazil	225
Bulgari	102
Colombia	444
Costa Rica	831
Czech Republic	34
Dominican Republic	2,456
Egypt	518
El Salvador	1,634
Fiji	94
Guatemala	1,499
Honduras	2,366
Hong Kong	4,707
Hungary	47
India	2,741
Indonesia	2,380
Jamaica	270
Kenya	44
Kuwait	17
Macau	1,166
Malaysia	852
Mauritius	245
Myanmar (Burma)	413
Oman	154
Pakistan	1,835
Philippines	2,289
Poland	52
Qatar	136
Romania	122
Singapore	362
Slovak Republic	13
South Korea	3,072
Sri Lanka	1,677
Thailand	2,446
Turkey	1,463
United Arab Emirates	376
Uruguay	13
<i>Non-WTO members subject to section 204 of the Agricultural Act of 1956</i>	
Belarus	48
Cambodia	816
China	6,527
Former Yugoslav Republic of Macedonia	71
Laos	9
Nepal	214
Russia	288
Taiwan	2,756
Ukraine	73
<i>WTO member subject to the North American Free Trade Agreement</i>	
Mexico	9,693

Source: U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel.

Among U.S. quota activities with non-WTO countries in 2000 was the increase in all quotas for Cambodia pursuant to the Labor Standards provision of the bilateral textile agreement with Cambodia, the first country with which the United States obtained a commitment to improve labor conditions in its textile and apparel sector in a bilateral textile agreement. Under the textile agreement with Cambodia covering the 3-year period beginning on January 1, 1999, if the United States determines by December 1 of each agreement year that working conditions in the Cambodian textile and apparel sector substantially comply with Cambodian labor law and internationally recognized core labor standards, U.S. quotas may be increased by as much as 14 percent for the following agreement year, in addition to the annual quota growth rate of 6 percent. As a result of Cambodia's progress in improving working conditions in the Cambodian textile and apparel industries, the United States increased all of Cambodia's quotas for 2000 by 5 percent in May 2000 and by another 4 percent in September 2000.⁷² On January 8, 2001, the United States announced that it would increase Cambodia's quotas by 9 percent for 2001, in addition to the normal 6 percent annual quota increase provided in the bilateral agreement.⁷³

Textile and Apparel Related Legislation

On May 18, 2000, the President signed into law the Trade and Development Act of 2000, which provides for expanded trade benefits for 48 eligible countries in sub-Saharan Africa (SSA) under title I, the African Growth and Opportunity Act (AGOA), and 24 Caribbean Basin Economic Recovery Act (CBERA) beneficiary countries under title II, the United States-Caribbean Basin Trade Partnership Act (CBTPA). In part, the legislation authorizes preferential treatment for imports of certain textiles and apparel from SSA and CBERA countries. Unrelated to these programs, the legislation also changes the rules of origin for certain textile articles and temporarily suspends or reduces U.S. tariffs on imports of certain wool articles. The key textile and apparel provisions are summarized below.

African Growth and Opportunity Act

The AGOA authorizes duty-free treatment under the GSP for imports of qualifying apparel from eligible SSA countries for 8 years beginning on October 1, 2000. The AGOA also provides for the elimination of existing U.S. quotas on imports of textiles and apparel from SSA countries, and allows imports of such goods from all SSA countries to enter free of quota during the 8-year period.⁷⁴ The AGOA authorizes such preferential treatment for qualifying apparel articles from SSA countries, within 30 days after these countries (1) have adopted an effective visa system and related

⁷² 65 F.R. 30571 and 65 F.R. 56537.

⁷³ 66 F.R. 2412.

⁷⁴ As noted earlier, the United States will eliminate quotas on textiles and apparel from all WTO member countries as of January 1, 2005. Imports of textiles and apparel from non-WTO countries will continue to be subject to control under section 204 of the Agricultural Act of 1956.

procedures to prevent unlawful transshipments and the use of counterfeit documents, and (2) have implemented and follow, or are making substantial progress toward implementing and following, certain customs procedures that assist the U.S. Customs Service in verifying the origin of the products. As of May 1, 2001, USTR determined that Kenya and Mauritius, the only SSA countries subject to U.S. quotas in 2000, and Madagascar, South Africa, and Lesotho have met these two requirements.⁷⁵ Therefore, imports of eligible products from these five countries qualify for the enhanced trade benefits provided under the AGOA.

In general, the AGOA provides for duty-free and quota-free treatment for apparel assembled in SSA countries from U.S. fabrics and yarns. The AGOA also provides SSA countries with preferential treatment for (1) knit-to-shape sweaters in chief weight of cashmere or containing 50 percent or more by weight of wool measuring 18.5 microns in diameter or finer (merino wool); (2) apparel wholly assembled from fabric or yarn not available in commercial quantities in the United States; and (3) handloomed, handmade, and folklore articles.

The AGOA also authorizes preferential treatment for a specified amount of imports of apparel made in SSA countries from fabrics that are produced in SSA countries of U.S. or SSA yarns (regional fabrics). Imports of such apparel from SSA countries are subject to an annual cap beginning on October 1, 2000, equal to 1.5 percent of the total quantity of U.S. apparel imports in the preceding 12-month period, and rising in each of the seven succeeding 1-year periods in equal increments, to 3.5 percent in the final 1-year period beginning on October 1, 2007.⁷⁶ A special rule allows apparel entered under the cap from lesser developed SSA countries to be made of third-country fabrics (other than U.S. or SSA fabrics) for the first 4 years, through September 30, 2004.⁷⁷ Apparel of regional or third-country fabrics covered by the cap are subject to a surge mechanism, under which the U.S. Secretary of Commerce may suspend duty-free treatment on any such article whenever the Secretary determines that the article is being imported in such increased quantities as to threaten or cause serious damage to the U.S. industry.

United States-Caribbean Basin Trade Partnership Act

The CBTPA provides for duty-free and quota-free treatment for imports of qualifying textile and apparel articles from CBERA beneficiary countries during a transition period beginning on October 1, 2000, and ending on the earlier of September 8,

⁷⁵ 66 F.R. 7836 (Kenya), 66 F.R. 8440 (Mauritius), 66 F.R. 14242 (Madagascar), 66 F.R. 14425 (South Africa), and 66 F.R. 21192 (Lesotho).

⁷⁶ Assuming that all U.S. apparel imports from SSA countries would have entered under the cap in calendar year 1999, the SSA countries would have filled 60 percent of the cap of 212 million square meter equivalents (SMEs), based on total apparel imports of 14.1 billion SMEs and those from SSA countries of 128.2 million SMEs.

⁷⁷ The AGOA defines a lesser developed SSA country as one that had a per capita gross national product of less than \$1,500 in 1998, as measured by the World Bank. All but six SSA countries (Botswana, Gabon, Mauritius, Namibia, Seychelles, and South Africa) meet the definition of a lesser developed country.

2008, or the date on which the Free Trade Area of the Americas or a comparable free trade agreement between the United States and CBERA countries enters into force. The CBTPA authorizes preferential treatment (duty-free and quota-free benefits) for qualifying textile and apparel articles from CBERA countries, provided that these countries have implemented and follow, or are making substantial progress towards implementing and following, the customs procedures required by the CBTPA. The preferential treatment is essentially equivalent to that provided under NAFTA for similar goods from Mexico, which competes with CBERA countries for apparel assembly work from U.S. firms. As of March 1, 2001, the USTR determined that 12 countries, including the Dominican Republic, El Salvador, Costa Rica, Guatemala, Haiti, Honduras, and Jamaica, have implemented and follow, or are making substantial progress toward implementing and following, the customs procedures required by the CBTPA. Therefore, imports of eligible products from the 12 countries qualify for the enhanced trade benefits provided under the CBTPA.

The CBTPA authorizes unlimited preferential treatment for imports of apparel assembled in CBERA countries from fabrics made and cut in the United States of U.S. yarns. If the U.S. fabrics used in the production of such apparel are cut into garment parts for assembly in CBTPA countries rather than the United States, the apparel must also be sewn together with U.S. thread. CBTPA countries are also eligible to receive unlimited preferential treatment for textile luggage assembled from U.S. fabrics made of U.S. yarns; apparel assembled from fabrics or yarns deemed to be in "short supply" in the United States; and handloomed, handmade, and folklore articles.

The CBTPA provides for preferential treatment for limited amounts of knit apparel, except socks, made in CBTPA countries from fabrics knitted in those countries provided that the fabrics are produced of U.S. yarns (regional knit fabrics).⁷⁸ This preferential treatment is limited to 4.2 million dozen outerwear T-shirts and 250 million square meter equivalents (SMEs) of other knit apparel, for the 1-year period beginning on October 1, 2000. Both caps are to be increased by 16 percent in each succeeding 1-year period through September 30, 2004, and remain at those levels through September 30, 2008.

Preferential treatment is also provided for imports of brassieres from CBTPA countries cut and sewn or otherwise assembled in the United States or CBTPA countries, or both. For the 1-year period beginning on October 1, 2001, and in each of the 6 succeeding 1-year periods, preferential treatment is only granted to producers whose total cost of the U.S. fabric components during the previous 1-year period is at least 75 percent of the aggregate declared customs value of the fabric contained in all of their brassieres entered during that period. In general, preferential treatment is only granted to producers who use mostly U.S. fabric components.

⁷⁸ Knit apparel made in CBTPA countries from regional knit fabrics includes garments cut and assembled from knit fabrics or those knit-to-shape directly from yarns (sweaters). On April 25, 2001, H.R. 1589 was introduced to amend CBERA to grant duty-free and quota-free treatment to socks and hosiery that are sewn or assembled, or cut in a CBTPA beneficiary country from components knit-to-shape in the United States. See H.R. 1589, 107th Congress, 1st session, found at Internet address <http://thomas.loc.gov>, retrieved on May 14, 2001.

On March 5, the U.S. International Trade Commission instituted investigation No. 332-428, *Apparel Inputs in "Short Supply": Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries*, under section 332(g) of the Tariff Act of 1930 at the request of USTR.⁷⁹ As requested by the USTR, the Commission will provide advice regarding the probable economic effect of providing preferential treatment for apparel made in AGOA and/or CBTPA beneficiary countries from fabrics or yarn, regardless of the source of the fabrics or yarn, which allegedly cannot be supplied by the domestic industry in commercial quantities in a timely manner (i.e., which allegedly are in "short supply"). The advice will be provided as to the probable economic effect of such action on affected segments of the U.S. textile and apparel industries, workers in these industries, and consumers of affected goods.

Rules of Origin

Section 405 of the Trade and Development Act of 2000 changed the rules of origin for certain dyed and printed fabrics and flat goods (e.g., bed sheets and scarves). Under the previous rules of origin, which were implemented on July 1, 1996, as required by section 334 of the Uruguay Round Agreements Act, the country of origin for fabrics and flat goods is the country in which the base fabric was made, regardless of any further finishing operations performed in other countries. For nonwool fabrics and for flat goods made from nonwool and noncotton fabrics (containing less than 16 percent by weight of cotton), the legislation restores the rules of origin in effect before July 1996, which permitted the processes of dyeing and printing to confer origin, when accompanied by two or more finishing operations.

The Clinton administration requested the rules change in order to implement the terms of an August 1999 agreement with the European Union (EU) settling a dispute over the rules.⁸⁰ In May 1997, the EU had filed a request with the WTO for consultations with the United States, claiming that the rules adversely affected its exports of dyed and printed fabrics and flat goods to the U.S. market. The EU stated that as a result of the U.S. rules change, its exports of these articles had lost their quota-free access to the U.S. market and EU exporters had to comply with any U.S. quota or visa requirements applicable to the country of origin of the base fabric. In addition, EU silk accessories such as scarves had to be marked as a product of the country in which the base fabric was formed (mainly China), rather than as a product of the EU country in which the fabric was printed, dyed, and otherwise finished (e.g., Italy or France), as was the usual case under the previous rules.

⁷⁹ 66 F.R. 15886.

⁸⁰ In December 2000, following the adoption of section 405 of the Trade and Development Act of 2000, the EU officially terminated its trade barriers regulation case concerning the U.S. rules of origin for textiles. U.S. Department of State telegram, "EU Textiles Origin Case Against U.S. Officially Terminates," message reference No. 006748, prepared by U.S. Embassy, Brussels, Dec. 8, 2000.

Worsted Wool Fabrics

Title V of the Trade and Development Act of 2000 reduced U.S. tariffs on worsted wool fabrics for use in making men's and boy's tailored clothing and suspended the tariffs on certain fine grades of wool yarns, fibers, and tops for 3 years beginning on January 1, 2001. The duty reductions on the fabrics were intended to improve the competitiveness of the U.S. tailored clothing industry relative to its counterpart in Canada, whose lower fabric duties have enabled the industry there to greatly expand its exports of men's suits to the U.S. market under NAFTA.⁸¹ Since implementation of the United States-Canada Free Trade Agreement in 1989,⁸² U.S. imports of men's and boy's wool suits increased sixfold to 1.3 million suits valued at \$157 million in 1999. In 2000, however, U.S. imports of wool suits from Canada declined by 18 percent to 1.1 million suits valued at \$127 million. According to one industry source, the decline in 2000 of U.S. imports of wool suits from Canada likely reflects the shift by U.S. consumers to more casual attire.⁸³

Title V created two tariff-rate quotas (TRQs) for the purpose of granting duty reductions on worsted wool fabrics certified by the importer as suitable for use in making men's or boy's suits, suit-type jackets, and trousers.⁸⁴ One TRQ permits 2.5 million SMEs of fabrics having average fiber diameters greater than 18.5 microns to enter each year at 19.3 percent ad valorem, the same rate as that for men's and boy's suit-type jackets made of worsted wool fabrics.⁸⁵ The other TRQ allows 1.5 million square meter equivalents (SMEs) of fabrics having average fiber diameters of 18.5 microns or less (the lower the number, the finer the fabric) to enter each year at 6 percent ad valorem, the same as Canada's rate on the finer fabrics.⁸⁶ Imports in excess of the TRQ limits are subject to the normal trade relations rate (28.3 percent ad valorem in 2001). Title V also suspended the tariffs on wool yarns, fibers, and tops having average fiber diameters of 18.5 microns or less.⁸⁷

⁸¹ NAFTA contains a tariff preference level that permits specified amounts of wool apparel from Canada to enter the United States free of duty even though the garments do not meet the NAFTA rules of origin (e.g., the suits are made of European fabric).

⁸² In 1994, the CFTA was suspended and its duty phaseout schedules were incorporated into NAFTA.

⁸³ The decline in U.S. imports of wool suits has, however, been offset by the growth in U.S. imports of wool sports jackets and trousers. U.S. imports of wool suit jackets, for example, increased by 32 percent to 1.9 million in 2000. Data from attorney for a trade association, e-mail communications to Commission staff, Feb. 14, 2001.

⁸⁴ The fabrics are classified under HTS subheadings 5112.11.20 and 5112.19.90.

⁸⁵ The duty reductions temporarily eliminate the tariff inversion that exists for the fabrics, where the tariff is higher on the fabric than on the finished garment made of such fabric. The 19.3 percent rate will be subject to the same staged duty reductions as those agreed to by the United States in the Uruguay Round of multilateral trade negotiations for men's and boy's wool suit-type jackets (HTS subheading 6203.31.00). The tariff on these items will be reduced to 18.8 percent in 2001, 18.4 percent in 2002, and 18 percent in 2003 (the last year of the temporary duty reductions for the fabrics).

⁸⁶ The President is authorized to reduce the 6 percent rate, as necessary, to equalize the rate with that of Canada.

⁸⁷ The duty suspension applies to wool yarns under HTS subheading 5107.10.00 (normal trade relations rate of 6.9 percent ad valorem in 2001) and to wool fibers and tops under subheadings 5101.11 - 5101.30, 5103.10, 5103.20, 5104.00, 5105.21, and 5105.29. Wool tops are used in the manufacture of worsted yarn and are a loose, untwisted rope of fibers that have been combed to straighten the fibers and remove the short fibers.

Title V authorizes the President to modify the TRQ limits in response to requests from U.S. producers of men's and boys' worsted wool tailored clothing subject to a review of U.S. market conditions, but by not more than 1.0 million SMEs in any of the 3 years. Title V also provides, among other things, for a partial refund of duties paid by specified U.S. manufacturers on imports of the wool fabrics, yarns, fibers, and tops (without regard to micron level) in each of the years 2000, 2001, and 2002.

On February 12, 2001, the U.S. International Trade Commission instituted investigation No. 332-427, *U.S. Market Conditions for Certain Wool Articles*, under section 332(g) of the Tariff Act of 1930 at the request of the USTR.⁸⁸ As requested by the USTR, the Commission will provide information on U.S. market conditions, including domestic demand, domestic supply, and domestic production for men's and boy's worsted wool suits, suit-type jackets, and trousers; worsted wool fabrics and yarn used in the manufacture of such clothing; and wool fibers used in the manufacture of such fabrics and yarn.

Andean Trade Preference Expansion Act

The Andean Trade Preference Act (ATPA) beneficiary countries (Bolivia, Colombia, Ecuador, and Peru) are a small, but growing source of textile and apparel articles for the United States despite lacking duty-free entry under the ATPA program.⁸⁹ During the past several years, U.S. apparel companies with global operating strategies have viewed the ATPA countries as an attractive sourcing alternative to Asian countries. Like Mexico and the CBERA countries, the ATPA countries offer low labor costs and an ample supply of skilled workers, as well as competitive shipping costs and rapid delivery times to the port of Miami.

Despite their advantages as a sourcing alternative, the ATPA countries have expressed concern that the implementation of the CBTPA in October 2000 will weaken their competitiveness in the U.S. apparel market and lead to a loss of apparel trade to the CBERA countries. At a minimum, absent equivalent tariff benefits, the ATPA countries will have a price disadvantage for their goods. The average trade-weighted U.S. duty on apparel from the ATPA countries was 17.6 percent ad valorem in 2000.⁹⁰ On June 29, 2000, the Plan Colombia Trade Act (S. 2823) was introduced into the United States Senate to amend the ATPA by granting preferential treatment to apparel articles from the ATPA countries. This bill would have provided for 1 year of duty-free and quota-free treatment to imports of apparel (1) assembled in ATPA countries from

⁸⁸ 66 F.R. 11315.

⁸⁹ The ATPA was enacted in 1991 to expand economic alternatives for the four beneficiary countries in their fight against drug production and trafficking. This 10-year program, scheduled to expire on December 4, 2001, provides most goods originating in the ATPA countries with duty-free access to the U.S. market and reduced duties on leather apparel and certain other leather goods such as luggage and flat goods (e.g., wallets). However, most textile and apparel articles are ineligible for ATPA preferences.

⁹⁰ Some industry representatives in Colombia have alleged that certain apparel producers have been attempting to stay competitive by absorbing duty costs, but cannot continue to do so and pay salaries for much longer. See U.S. Department of State telegram, "Time Running Out for Colombian Garment Industry," message reference No. 10235, prepared by U.S. Embassy, Bogota, Nov. 20, 2000.

fabrics wholly made and cut in the United States of U.S. yarns or (2) cut and assembled in ATPA countries from fabrics wholly made in the United States of U.S. yarns and sewn together with U.S. thread. No action was taken on this legislation, however, before the 106th Congress adjourned in November 2000.

On March 13, 2001, legislation to create the Andean Trade Preference Expansion Act (ATPEA) was introduced to renew trade benefits for 5 years for products currently covered by the ATPA and to expand the preferences to cover apparel and other products currently excluded from benefits. Under the ATPEA, quota-free and duty-free treatment is granted to apparel items from the Andean countries that meet the following criteria:⁹¹

- Apparel articles assembled in one or more ATPEA beneficiary countries from fabrics wholly formed and cut in the United States, from yarns wholly formed in the United States, that are (i) entered under heading 9802.00.80 of the HTS; or (ii) entered under chapter 61 or 62 of the HTS, even if such articles were subject to certain finishing operations such as stone-washing, enzyme-washing, perma-pressing, etc.
- Apparel articles cut and assembled in one or more ATPEA beneficiary countries from fabric wholly formed in the United States from yarns wholly formed in the United States, if such articles are assembled in one or more such countries with thread formed in the United States.
- Apparel articles (i) knit-to-shape from U.S. yarns; or (ii) assembled in an ATPEA beneficiary country from components knit-to-shape in an ATPEA beneficiary country from U.S. yarns; or (iii) assembled in an ATPEA beneficiary country from components knit-to-shape in the United States.
- A limited amount of apparel assembled from regional fabric, up to 70 million square meter equivalents in the first year and increasing each year by 16 percent, compounded annually, from fabric made from U.S. yarns.

Although Peru's textile and apparel industry supports adding textiles and apparel to the ATPA, the industry opposed the legislation introduced in 2000 to renew and enhance the ATPA because of the requirement that the garments be assembled of U.S. materials.⁹² Since the recently introduced legislation, S. 525, contains the same requirements concerning the use of U.S. fabric and yarn, it is likely that Peru's textile and apparel industry will voice the same concerns as it did in the previous Congress. Whereas Colombia uses large quantities of U.S. components in the production of apparel for export to the United States, Peru uses very little U.S. content in its apparel production.⁹³ Similar sentiments have been expressed by the Government of Bolivia. Although the ATPEA allows duty-free access for a limited amount of apparel

⁹¹ U.S. Senate, *Andean Trade Preference Expansion Act*, 107th Cong., 1st sess., S. 525, Mar. 13, 2001.

⁹² U.S. Department of State telegram, "ATPA, IPR, BIT Top Peru's Trade Agenda," message reference No. 170, prepared by U.S. Embassy, Lima, Jan. 10, 2001.

⁹³ U.S. Department of State telegram, "Peruvian Aide Memoire on Bilateral Trade Issues," message reference No. 7041, prepared by U.S. Embassy, Lima, Nov. 29, 2000.

assembled from regional fabric, the fabric must still be made from U.S. yarn. As of April 2, 2001, the prospects for passage of the ATPEA were unclear.

U.S. Textile and Apparel Trade in 2000

U.S. imports of textiles and apparel increased by 13 percent in 2000, or 4.2 billion SMEs, over the 1999 level, to 32.9 billion SMEs valued at \$72 billion.⁹⁴ The import growth in 2000 was widespread on a product basis, with apparel and other made-up and miscellaneous textiles accounting for slightly more than two-thirds of the increase and intermediate inputs such as yarns and fabrics accounting for the remainder. Apparel is the principal import, accounting for almost half (16.0 million SMEs) of the import quantity but 80 percent (\$57 billion) of the import value in 2000.

The rise in U.S. imports of textiles and apparel in 2000 can be attributed to the growth in imports from a number of trading partners. Almost one-third of the 2000 increase in U.S. textile and apparel imports came from countries in the Western Hemisphere benefitting from preferential market access, including NAFTA partners Mexico and Canada, and CBERA countries. The NAFTA partners expanded their textile and apparel shipments by 14 percent in 2000, to 4.7 billion SMEs (\$9.7 billion) for Mexico and 3.2 billion SMEs (\$3.4 billion) for Canada, maintaining their positions as the largest foreign suppliers with import shares of 13.5 and 9.7 percent, respectively. Imports from the CBERA countries as a group rose by 6 percent to 3.8 billion SMEs (\$9.7 billion), or 13.5 percent of U.S. imports of these goods.

The CBERA countries and Mexico compete with one another for assembly work from U.S. firms. Since the implementation of NAFTA in 1994, Mexico's share of U.S. apparel imports by quantity rose from a pre-NAFTA level of 4.3 percent in 1993 to 15.8 percent in 2000 while the share accounted for by the CBERA countries grew from 18.4 to 22.8 percent. The growth in U.S. imports of apparel from the CBERA countries likely will increase as a result of the implementation on October 1, 2000, of the United States-Caribbean Basin Trade Partnership Act, which provides for duty-free and quota-free treatment for qualifying apparel from CBERA countries.

U.S. imports of textiles and apparel from Asia in 2000 rose by 12 percent over the 1999 level to 15.4 billion SMEs (\$35.9 billion). The increase was almost double the 7 percent gain in 1999, when the lingering effects of the East Asian financial crisis of 1997-98 were still evident and when the U.S. and other foreign suppliers had adjusted their prices downward to compete with East Asian exports. U.S. textile and apparel imports from China, the single-largest Asian supplier to the U.S. market, increased by 9 percent in 2000 to 2.2 billion SMEs (\$6.5 billion).⁹⁵ Much of the increase in U.S.

⁹⁴The trade data in this section represent imports of goods subject to U.S. textile trade agreements, as published in the *Major Shippers Report* of the U.S. Department of Commerce, Office of Textiles and Apparel. The data are available at <http://otexa.ita.doc.gov>.

⁹⁵In Nov. 1999, the United States signed a market access agreement with China which, among other things, incorporated textile provisions from a Memorandum of Understanding between the two countries dated Feb. 1, 1997. These provisions state that should China accede to the WTO, the United States is obligated to phase out quotas on imports of Chinese textiles and apparel as of Jan. 1, 2005, the

textile and apparel imports from Asia can be attributed in particular to large increases in imports from Pakistan, up by 29 percent to 2.0 billion SMEs (\$1.8 billion); Bangladesh, up by 24 percent to 1.1 billion SMEs (\$1.1 billion); and ASEAN countries, up by 17 percent to 4.2 billion SMEs (\$9.8 billion). Although starting from a smaller base, U.S. imports of apparel from ASEAN member Cambodia increased substantially, by 51 percent to 265 million SMEs (\$816 million).

Major U.S. Trade Sanctions Activities

The United States imposes trade sanctions to restrict or prohibit trade with respect to specific foreign countries under numerous statutory authorities. Many of the sanctions are administered and enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury and the Bureau of Export Administration of the U.S. Department of Commerce. Other agencies that administer and enforce U.S. sanctions include the Office of Defense Trade Controls of the U.S. Department of State and the U.S. Customs Service of the U.S. Department of the Treasury.

Table 5-9 summarizes selected major U.S. trade sanctions operative during 2000. Also during 2000, the USITC conducted an investigation requested by the House Ways and Means Committee on the impact of U.S. economic sanctions with respect to Cuba.⁹⁶

⁹⁵—*Continued*
same date as that for other WTO members. Provisions are also included to apply selective safeguards on imports of these goods from China. For additional information on the market access agreement with China, as well as its textile and apparel industry, see USITC, *Assessment of the Economic Effects on the United States of China's Accession to the WTO* (investigation No. 332-403), USITC publication 3229, Sept. 1999, ch. 8.

⁹⁶USITC, *The Economic Impact of U.S. Economic Sanctions With Respect to Cuba*, USITC publication 3398, Feb. 2001.

Table 5-9
Summary of selected major U.S. trade sanctions operative in 2000¹

Country	Sanctions
Cuba ²	Most trade, investment, and financial activities with Cuba by U.S. persons are prohibited unless licensed by BXA or OFAC. Vessels carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has any interest are prohibited from entering U.S. ports. Cuban assets in the United States are blocked. Licensed commercial sales of food and agricultural products to independent nongovernment entities in Cuba, as well as sales and donations of medicines and medical equipment, are authorized subject to certain conditions.
Iran ²	Most trade and investment activities with Iran by U.S. persons are prohibited unless licensed by OFAC. ³ Financial dealings with Iran are generally prohibited unless pursuant to licensed sales or other licensed activities. On March 17, 2000, the United States announced that sanctions would be eased to allow U.S. persons to purchase and import carpets and food products such as dried fruits, nuts, and caviar from Iran. ⁴
Iraq	Virtually all trade, investment, and financial activities with Iraq by U.S. persons are prohibited, except trade provided for under UN Security Council Resolution 986 of 1995 permitting Iraq to sell specific quantities of oil and to purchase specific humanitarian goods. All assets of the Iraqi government subject to U.S. jurisdiction are blocked.
Libya ²	Virtually all trade, investment, and financial activities with Libya by U.S. persons are prohibited unless licensed by OFAC. ³ Also prohibited are transactions that ultimately benefit Libya, including brokering third-country sales of Libyan crude oil or transportation for Libyan cargo. All assets of the Libyan government subject to U.S. jurisdiction are blocked.
North Korea ²	Most trade, investment, and financial activities with North Korea by U.S. persons have been prohibited since 1950. Effective June 19, 2000, U.S. exports and reexports to North Korea were permitted, provided they are licensed or otherwise authorized by the U.S. Government; goods of North Korean origin may be imported with prior notification to and approval by OFAC. North Korean assets subject to U.S. jurisdiction that were blocked as of June 16, 2000, remain blocked; other financial transactions are authorized subject to certain conditions. ⁵
Sierra Leone	Direct and indirect imports of rough diamonds from Sierra Leone are prohibited. ⁶
Sudan ²	Most trade with Sudan by U.S. persons is prohibited unless licensed by BXA or OFAC. ³ Assets of Sudan subject to U.S. jurisdiction are blocked. Financial dealings with Sudan are prohibited unless pursuant to licensed sales.

¹ More detailed Information is available from the Office of Foreign Assets Control (OFAC), U.S. Department of the Treasury, found at Internet address <http://www.treas.gov/ofac/>.

² The Trade Sanctions Reform and Export Enhancement Act of 2000 (title IX of the fiscal year 2001 agricultural appropriations bill, signed into law on Oct. 28, 2000 (Public Law 106-387)), authorized commercial sales and exports of food, medicine, and medical equipment to Cuba, Iran, Libya, North Korea, and Sudan.

³ Commercial sales, exports and reexports to Iran, Libya, and Sudan of agricultural commodities and products, medicine, and medical equipment by U.S. persons were authorized in 1999. OFAC, "Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations," *Federal Register* (64 F.R. 58789), Nov. 1, 1999.

⁴ OFAC, "Iranian Transactions Regulations: Licensing of Imports of, and Dealings in, Certain Iranian-Origin Foodstuffs and Carpets," *Federal Register* (65 F.R. 25642), May 3, 2000.

⁵ U.S. Department of Commerce, Bureau of Export Administration (BXA), "Easing of Export Restrictions on North Korea," *Federal Register* (65 F.R. 38147), June 19, 2000.

⁶ President, "Executive Order 13194 of Jan. 18, 2001," *Federal Register* (66 F.R. 7389), Jan. 23, 2001.

APPENDIX

Statistical Tables

Table A-1
U.S. merchandise trade with Canada, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	6,199,587	6,342,636	6,850,281
1	Beverages and tobacco	340,935	371,685	377,451
2	Crude materials, inedible, except fuels	3,950,144	4,034,353	4,498,277
3	Mineral fuels, lubricants and related materials	2,353,112	2,141,409	2,641,537
4	Animal and vegetable oils, fats and waxes	201,105	177,459	188,533
5	Chemicals and related products, n.e.s.	13,243,958	14,367,219	15,626,960
6	Manufactured goods classified chiefly by material	19,391,618	20,605,336	23,030,383
7	Machinery and transport equipment	75,111,792	79,938,832	83,611,602
8	Miscellaneous manufactured articles	14,144,585	15,154,294	15,978,557
9	Commodities and transactions not classified elsewhere in the SITC	2,830,958	2,598,207	2,797,228
	Total of all commodities	137,767,796	145,731,430	155,600,810
U.S. imports				
0	Food and live animals	7,765,489	8,360,632	9,219,360
1	Beverages and tobacco	818,490	893,432	907,145
2	Crude materials, inedible, except fuels	11,057,549	11,986,090	12,013,275
3	Mineral fuels, lubricants and related materials	14,654,232	17,249,747	31,386,515
4	Animal and vegetable oils, fats and waxes	420,910	375,408	300,501
5	Chemicals and related products, n.e.s.	9,467,068	9,990,311	11,573,183
6	Manufactured goods classified chiefly by material	28,922,070	30,991,704	33,572,742
7	Machinery and transport equipment	77,297,113	90,313,100	97,455,708
8	Miscellaneous manufactured articles	11,750,222	13,194,771	15,558,466
9	Commodities and transactions not classified elsewhere in the SITC	12,532,316	14,887,189	17,073,034
	Total of all commodities	174,685,459	198,242,386	229,059,929

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-2
Leading exports to Canada, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	4,667,159	5,366,923	5,291,223
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	4,685,104	5,364,613	5,271,976
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,652,219	4,234,377	4,269,000
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	3,195,530	3,944,609	4,161,435
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	3,648,609	3,375,615	3,566,966
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,227,433	2,523,738	2,801,399
8708.40	Gear boxes for motor vehicles	2,284,025	2,380,793	2,256,924
8542.13	Metal oxide semiconductors	2,046,432	1,948,081	2,004,122
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	1,643,868	1,648,622	1,878,189
8473.30	Parts and accessories for automated data processing machines and units	1,237,903	1,253,163	1,587,818
8409.91	Parts for spark-ignition internal-combustion piston engines	1,671,261	1,745,780	1,582,284
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,363,963	1,115,271	1,407,421
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	699,288	963,199	1,287,188
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,012,069	1,146,714	1,217,152
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,055,864	1,060,806	1,172,860
8708.39	Brakes and servo-brakes and parts for motor	1,071,540	1,167,227	1,061,236
8701.20	Road tractors for semi-trailers	1,180,632	1,428,212	1,014,272
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	827,730	889,556	970,385
8517.50	Other apparatus for carrier-current line systems or for digital line systems	520,823	689,086	920,579
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	761,258	959,182	902,253
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	658,276	625,620	885,887
8517.90	Parts of telephonic or telegraphic apparatus	587,879	702,769	879,947
7419.91	Articles of copper, cast, molded, stamped or forged, but not further worked, n.e.s.o.i.	11,430	14,839	878,496
8534.00	Printed circuits	613,479	695,353	848,466
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	651,490	699,279	764,245
	Subtotal	41,975,261	45,943,431	48,881,724
	All other	95,792,535	99,787,999	106,719,086
	Total of all commodities	137,767,796	145,731,430	155,600,810

¹ Special "Census Use Only" reporting number estimating low-valued exports.

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-3
Leading imports from Canada, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	22,565,822	27,110,928	27,938,810
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	5,560,287	6,551,626	12,654,204
2711.21	Natural gas, gaseous state	5,184,321	6,069,527	10,360,686
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	7,698,472	8,943,333	9,953,465
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	5,434,461	8,212,575	8,311,941
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	5,922,863	6,799,939	5,974,838
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,948,391	6,689,407	5,718,954
9999.95 ¹	Estimated "low valued" shipments	2,349,866	3,365,257	3,909,776
4801.00	Newsprint, in rolls or sheets	3,517,326	3,341,296	3,674,117
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	1,737,681	2,141,459	3,628,134
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,878,220	3,372,669	3,535,305
8517.50	Other apparatus for carrier-current line systems or for digital line systems	776,404	1,373,266	3,299,377
8517.90	Parts of telephonic or telegraphic apparatus	979,058	1,736,512	2,803,404
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,300,629	2,793,083	2,730,127
2716.00	Electrical energy	1,038,943	1,333,614	2,710,622
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,944,474	2,384,620	2,669,694
8473.30	Parts and accessories for automated data processing machines and units	2,389,435	2,222,317	2,282,321
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	1,453,057	1,610,566	2,023,299
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,606,769	1,857,419	1,937,916
8542.13	Metal oxide semiconductors	2,077,776	1,738,299	1,838,707
4802.60	Paper n.e.s.o.i., over 10% (weight) fiber obtained by mechanical process	1,261,949	1,449,828	1,558,747
7601.20	Unwrought aluminum alloys	1,350,530	1,411,383	1,540,066
8701.20	Road tractors for semi-trailers	1,875,839	2,218,345	1,436,025
8525.20	Transmission apparatus incorporating reception apparatus	738,724	938,907	1,425,745
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	1,393,975	1,324,566	1,345,728
	Subtotal	89,985,271	106,990,742	125,262,008
	All other	84,700,188	91,251,644	103,797,921
	Total of all commodities	174,685,459	198,242,386	229,059,929

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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-4
U.S. merchandise trade with the European Union, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	4,253,054	3,685,507	3,479,349
1	Beverages and tobacco	2,411,463	1,805,302	1,536,893
2	Crude materials, inedible, except fuels	6,364,403	5,385,862	6,155,022
3	Mineral fuels, lubricants and related materials	1,804,264	1,542,281	1,713,744
4	Animal and vegetable oils, fats and waxes	247,536	169,567	138,194
5	Chemicals and related products, n.e.s.	18,688,451	18,804,600	21,364,841
6	Manufactured goods classified chiefly by material	9,077,454	7,845,272	8,920,843
7	Machinery and transport equipment	73,129,210	78,331,409	81,953,893
8	Miscellaneous manufactured articles	17,308,494	18,210,837	20,784,371
9	Commodities and transactions not classified elsewhere in the SITC	6,932,385	6,248,461	6,605,283
	Total of all commodities	140,216,713	142,029,097	152,652,434
U.S. imports				
0	Food and live animals	3,243,268	3,533,967	3,511,221
1	Beverages and tobacco	4,198,677	4,717,858	4,997,584
2	Crude materials, inedible, except fuels	1,645,832	1,793,623	1,836,631
3	Mineral fuels, lubricants and related materials	3,017,061	3,893,800	7,762,528
4	Animal and vegetable oils, fats and waxes	367,395	351,592	448,383
5	Chemicals and related products, n.e.s.	26,123,243	31,764,272	37,610,492
6	Manufactured goods classified chiefly by material	22,515,354	22,351,765	25,757,043
7	Machinery and transport equipment	80,573,392	88,014,441	94,796,867
8	Miscellaneous manufactured articles	24,211,204	26,469,396	29,415,763
9	Commodities and transactions not classified elsewhere in the SITC	8,985,594	11,518,671	12,238,937
	Total of all commodities	174,881,021	194,409,387	218,375,449

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-5
Leading exports to the European Union, by Schedule B numbers, 1998-2000
(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	9,075,033	12,022,788	9,469,489
8473.30	Parts and accessories for automated data processing machines and units	6,923,149	6,961,909	7,891,114
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,755,869	5,288,191	4,763,975
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,478,053	3,440,968	3,773,093
8411.91	Parts for turbojets or turbopropellers	3,261,942	3,435,090	3,701,269
8471.80	Other units of automated data processing machines	2,305,668	2,451,379	2,677,704
8542.13	Metal oxide semiconductors	1,450,719	1,870,696	2,480,363
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,189,101	1,772,463	2,321,217
8411.12	Turbojets of a thrust exceeding 25 kN	1,333,462	1,597,811	1,908,172
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,452,816	2,381,000	1,906,895
8517.90	Parts of telephonic or telegraphic apparatus	807,186	1,275,214	1,881,775
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,183,574	1,270,651	1,403,820
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,395,031	1,441,141	1,387,245
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	755,824	739,319	1,321,741
1201.00	Soybeans, whether or not broken	1,548,043	1,049,384	1,148,300
8517.50	Other apparatus for carrier-current line systems or for digital line systems	673,806	843,635	1,088,684
8471.49	Other digital automated data processing machines, entered in the form of systems	1,059,594	993,611	988,098
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	2,092,098	1,266,334	962,439
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,277,294	1,245,344	952,371
8471.70	Automatic data processing storage units	1,029,395	1,130,270	871,475
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts	697,892	779,372	852,162
3002.10	Antisera and other blood fractions, and modified immunological products	582,786	627,287	838,746
8411.99	Gas turbines parts, n.e.s.o.i.	859,260	855,716	827,947
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	618,670	713,443	820,746
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	1,284,916	846,926	809,677
	Subtotal	52,091,178	56,299,940	57,048,515
	All other	88,125,535	85,729,157	95,603,918
	Total of all commodities	140,216,713	142,029,097	152,652,434

¹ Special "Census Use Only" reporting number estimating low-valued exports.

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-6
Leading imports from the European Union, by HTS numbers, 1998-2000
(1,000 dollars)

HTS No.	Description	1998	1999	2000
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	9,649,965	12,054,001	11,665,374
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	8,097,556	9,589,150	10,956,159
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	5,818,316	7,357,200	7,836,876
2933.90	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	1,292,722	2,307,458	5,773,918
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	2,473,857	3,642,602	5,407,530
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	2,201,343	2,607,538	5,155,076
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	3,990,049	4,941,302	4,912,974
2934.90	Heterocyclic compounds n.e.s.o.i.	2,287,345	3,546,813	4,021,002
8411.91	Parts for turbojets or turbopropellers	3,848,749	3,421,504	3,635,495
9999.95 ¹	Estimated "low valued" shipments	2,236,452	3,031,082	3,402,914
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	2,068,256	2,716,028	3,093,819
8473.30	Parts and accessories for automated data processing machines and units	2,042,812	2,713,141	2,791,203
8411.12	Turbojets of a thrust exceeding 25 kN	3,042,090	3,451,486	2,705,733
7102.39	Nonindustrial diamonds, n.e.s.o.i.	1,854,957	1,940,591	2,522,121
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	2,011,698	1,971,822	1,967,761
8542.13	Metal oxide semiconductors	1,333,765	1,163,871	1,690,145
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,278,484	1,269,226	1,620,916
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,473,719	1,461,379	1,483,482
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	581,446	746,995	1,419,970
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,209,348	1,187,068	1,264,698
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,084,843	1,162,254	1,215,281
9706.00	Antiques of an age exceeding one hundred years	907,085	1,079,638	1,183,896
2203.00	Beer made from malt	896,895	975,050	1,114,400
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	265,525	452,372	988,592
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	671,662	772,437	916,825
	Subtotal	62,618,938	75,562,005	88,746,160
	All other	112,262,083	118,847,382	129,629,290
	Total of all commodities	174,881,021	194,409,387	218,375,449

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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-7
U.S. merchandise trade with Mexico, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	3,792,142	3,836,359	4,473,330
1	Beverages and tobacco	62,105	70,536	69,788
2	Crude materials, inedible, except fuels	3,059,103	2,571,318	3,012,123
3	Mineral fuels, lubricants and related materials	1,770,521	2,252,741	4,276,604
4	Animal and vegetable oils, fats and waxes	459,888	358,810	302,663
5	Chemicals and related products, n.e.s.	6,764,896	7,019,691	8,647,873
6	Manufactured goods classified chiefly by material	10,532,324	12,081,576	14,970,782
7	Machinery and transport equipment	36,016,100	39,179,206	48,305,363
8	Miscellaneous manufactured articles	9,318,845	9,918,646	11,447,912
9	Commodities and transactions not classified elsewhere in the SITC	3,593,376	4,091,857	4,935,657
	Total of all commodities	75,369,300	81,380,740	100,442,094
U.S. imports				
0	Food and live animals	4,313,646	4,398,281	4,516,858
1	Beverages and tobacco	836,594	1,002,023	1,281,975
2	Crude materials, inedible, except fuels	907,053	863,665	908,388
3	Mineral fuels, lubricants and related materials	4,869,554	6,194,267	11,268,437
4	Animal and vegetable oils, fats and waxes	30,777	26,495	19,100
5	Chemicals and related products, n.e.s.	1,725,281	1,975,843	2,128,790
6	Manufactured goods classified chiefly by material	7,420,643	7,998,994	9,111,009
7	Machinery and transport equipment	53,115,769	63,567,565	79,305,496
8	Miscellaneous manufactured articles	15,770,037	17,901,880	20,237,799
9	Commodities and transactions not classified elsewhere in the SITC	4,028,004	5,089,148	5,956,550
	Total of all commodities	93,017,358	109,018,159	134,734,402

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-8
Leading exports to Mexico, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	2,738,245	2,900,664	3,670,027
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	1,340,325	1,729,326	3,183,295
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,514,423	1,549,452	2,660,679
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,237,992	1,672,328	2,079,024
8540.11	Cathode-ray television picture tubes, color, including monitor	1,357,578	1,297,951	1,691,051
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,965,372	2,314,781	1,611,930
8542.30	Other monolithic integrated circuits	705,723	904,197	1,401,902
8542.13	Metal oxide semiconductors	382,755	884,069	1,261,169
8473.30	Parts and accessories for automated data processing machines and units	1,238,618	1,285,142	1,244,304
7326.90	Articles of iron or steel n.e.s.o.i.	737,174	908,616	1,185,456
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	563,344	801,511	1,135,485
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	900,668	1,431,027	1,111,382
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	335,835	443,968	1,108,363
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	833,447	1,035,652	953,654
8525.20	Transmission apparatus incorporating reception apparatus	618,824	676,312	853,155
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	332,901	443,328	836,879
8534.00	Printed circuits	630,434	731,402	795,930
9809.00 ²	Export transactions valued not more than \$10,000, not identified by kind	442,312	692,638	755,367
8408.20	Compression-ignition internal-combustion piston engines	280,170	517,129	728,299
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	722,819	548,774	727,002
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	344,442	267,051	709,639
1201.00	Soybeans, whether or not broken	759,128	662,716	680,790
8708.40	Gear boxes for motor vehicles	335,824	241,529	655,386
8503.00	Parts of electric motors, generators and sets	504,129	678,665	647,743
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	827,075	220,292	609,854
	Subtotal	21,649,556	24,838,521	32,297,765
	All other	53,719,744	56,542,219	68,144,328
	Total of all commodities	75,369,300	81,380,740	100,442,094

¹ Special "Census Use Only" reporting number estimating low-valued exports.

² Special "Census Use Only" reporting number aggregating certain export shipments not identified by kind.

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-9
Leading imports from Mexico, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	3,818,640	5,265,301	9,837,980
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,922,028	6,890,696	9,291,491
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	3,020,916	2,879,346	6,237,212
8528.12	Incomplete or unfinished color reception apparatus for televisions	3,648,902	4,089,084	4,540,232
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	3,687,265	3,996,215	4,171,292
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,785,534	3,511,295	4,054,720
8525.10	Transmission apparatus for radio or television	1,104,952	1,655,729	2,791,842
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,711,781	2,927,390	2,708,695
8471.60	Input or output units for automated data processing machines	1,832,085	2,230,220	2,475,298
8473.30	Parts and accessories for automated data processing machines and units	1,626,239	1,983,292	2,333,255
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	1,438,373	1,827,154	2,059,572
8525.20	Transmission apparatus incorporating reception apparatus	326,574	668,626	1,801,427
8527.21	Radiobroadcast receivers for motor vehicles	1,105,541	1,288,093	1,743,547
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	565,008	823,327	1,732,431
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU keyboard and display	1,273,858	1,477,843	1,730,546
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,214,230	1,476,566	1,656,737
9999.95 ¹	Estimated "low valued" shipments	846,427	1,203,426	1,523,920
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted	1,008,683	1,159,680	1,461,448
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,539,353	1,505,023	1,449,248
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	659,760	900,590	1,346,377
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	934,991	945,863	1,269,143
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	885,289	967,360	1,224,114
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	841,266	868,012	1,007,418
6109.10	T-shirts, singlets, tank tops, and similar garments, of cotton, knitted or crocheted.	688,492	832,580	963,186
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity for voltage not exceeding 1,000 volts	575,608	784,263	950,068
	Subtotal	44,061,794	52,156,974	70,361,198
	All other	48,955,563	56,861,186	64,373,203
	Total of all commodities	93,017,358	109,018,159	134,734,402

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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-10
U.S. merchandise trade with Japan, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	8,063,577	8,528,328	8,761,815
1	Beverages and tobacco	2,144,988	2,198,090	2,474,076
2	Crude materials, inedible, except fuels	3,897,607	3,574,701	3,760,061
3	Mineral fuels, lubricants and related materials	716,334	758,379	806,165
4	Animal and vegetable oils, fats and waxes	95,122	76,242	54,614
5	Chemicals and related products, n.e.s.	5,459,372	5,690,001	6,346,967
6	Manufactured goods classified chiefly by material	2,884,047	2,694,722	3,261,585
7	Machinery and transport equipment	22,742,784	22,124,162	24,882,143
8	Miscellaneous manufactured articles	7,677,843	7,471,646	9,083,731
9	Commodities and transactions not classified elsewhere in the SITC	1,164,262	1,194,196	1,319,869
	Total of all commodities	54,845,936	54,310,468	60,751,026
U.S. imports				
0	Food and live animals	336,757	346,946	351,314
1	Beverages and tobacco	50,024	68,640	68,919
2	Crude materials, inedible, except fuels	228,025	238,102	281,708
3	Mineral fuels, lubricants and related materials	234,870	293,934	285,191
4	Animal and vegetable oils, fats and waxes	17,172	22,494	24,696
5	Chemicals and related products, n.e.s.	6,070,212	6,493,053	7,139,305
6	Manufactured goods classified chiefly by material	8,847,348	7,618,510	7,873,017
7	Machinery and transport equipment	90,572,610	99,113,670	111,519,412
8	Miscellaneous manufactured articles	11,879,190	12,793,937	14,163,190
9	Commodities and transactions not classified elsewhere in the SITC	3,077,142	3,961,704	4,035,114
	Total of all commodities	121,313,351	130,950,990	145,741,866

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-11
Leading exports to Japan, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
2402.20	Cigarettes containing tobacco	1,594,834	1,719,226	1,936,984
8473.30	Parts and accessories for automated data processing machines and units	1,673,309	1,665,493	1,915,834
8542.13	Metal oxide semiconductors	1,333,014	1,769,505	1,881,723
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,654,853	1,747,975	1,844,414
1005.90	Corn (maize), other than seed	1,484,190	1,426,405	1,423,613
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	504,091	652,579	1,250,795
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	3,072,363	2,315,465	977,290
8471.80	Other units of automated data processing machines	522,164	621,504	923,516
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	793,467	628,420	889,521
0201.30	Meat of bovine animals, boneless, fresh or chilled	643,634	705,520	785,329
1201.00	Soybeans, whether or not broken	873,476	785,485	771,587
4403.20	Coniferous wood in the rough, not treated	706,866	699,640	709,158
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	621,573	613,703	702,989
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	1,320,251	482,535	624,959
8525.20	Transmission apparatus incorporating reception apparatus	105,141	493,271	609,684
0202.30	Meat of bovine animals, boneless, frozen	550,771	579,979	600,279
2844.20	Uranium and its compounds enriched in U235; plutonium and its compounds	538,186	509,399	543,548
8411.99	Gas turbines parts, n.e.s.o.i.	191,839	294,726	538,760
8411.91	Parts for turbojets or turbopropellers	396,645	399,444	459,864
8542.30	Other monolithic integrated circuits	370,995	312,472	456,176
8471.50	Digital processing units other than those of 8471.41 and 8471.49	366,489	380,674	451,188
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	420,689	401,377	436,643
8517.90	Parts of telephonic or telegraphic apparatus	260,793	284,785	435,575
1001.90	Wheat and meslin, excluding durum wheat	470,275	452,771	422,166
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	443,726	495,833	413,185
	Subtotal	20,913,633	20,438,184	22,004,780
	All other	33,932,304	33,872,284	38,746,246
	Total of all commodities	54,845,936	54,310,468	60,751,026

¹ Special "Census Use Only" reporting number estimating low-valued exports.

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
Leading imports from Japan, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	20,353,499	21,978,272	23,544,602
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	7,174,479	8,632,479	9,454,956
8471.60	Input or output units for automated data processing machines	4,504,128	4,999,634	5,367,018
8473.30	Parts and accessories for automated data processing machines and units	3,622,142	4,025,452	4,992,708
8542.13	Metal oxide semiconductors	3,857,395	3,939,384	4,792,838
8525.40	Still image video cameras and other video camera recorders	1,932,981	2,443,674	3,238,066
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	1,916,054	2,461,413	2,320,545
8471.70	Automatic data processing storage units	3,122,031	2,826,867	2,066,502
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,427,172	1,774,999	1,991,999
8517.90	Parts of telephonic or telegraphic apparatus	905,794	1,549,345	1,762,638
9999.95 ¹	Estimated "low valued" shipments	1,066,630	1,423,928	1,621,632
9504.10	Video games used with television receiver and parts and accessories	2,274,356	1,926,103	1,614,331
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	912,238	869,591	1,517,989
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	653,224	1,272,392	1,465,323
8708.40	Gear boxes for motor vehicles	806,899	1,171,518	1,459,126
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,433,582	1,347,267	1,172,167
8409.91	Parts for spark-ignition internal-combustion piston engines	732,349	876,726	1,096,489
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	427,721	815,386	970,170
8525.20	Transmission apparatus incorporating reception apparatus	449,810	730,119	940,880
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	613,018	655,961	842,742
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	477,957	686,883	810,855
9009.90	Parts and accessories of photocopying apparatus	858,536	988,230	805,252
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	587,764	823,085	802,978
9102.11	Wrist watches, with battery, mechanical display, of base metal	720,022	692,962	761,356
8429.52	Self-propelled mechanical shovels and excavators, with a 360-degree revolving superstructure	892,619	823,996	719,272
	Subtotal	61,722,399	69,735,664	76,132,431
	All other	59,590,952	61,215,326	69,609,435
	Total of all commodities	121,313,351	130,950,990	145,741,866

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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-13
U.S. merchandise trade with China, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	483,682	319,884	457,789
1	Beverages and tobacco	12,389	10,800	4,891
2	Crude materials, inedible, except fuels	1,069,057	1,163,675	2,521,564
3	Mineral fuels, lubricants and related materials	127,032	122,523	59,565
4	Animal and vegetable oils, fats and waxes	320,521	74,323	20,710
5	Chemicals and related products, n.e.s.	1,966,794	2,077,041	2,290,678
6	Manufactured goods classified chiefly by material	850,678	886,965	1,231,539
7	Machinery and transport equipment	8,007,944	6,762,833	7,366,647
8	Miscellaneous manufactured articles	865,745	959,061	1,160,775
9	Commodities and transactions not classified elsewhere in the SITC	204,654	207,795	221,182
	Total of all commodities	13,908,496	12,584,898	15,335,341
U.S. imports				
0	Food and live animals	730,258	861,556	1,020,637
1	Beverages and tobacco	21,548	21,251	31,672
2	Crude materials, inedible, except fuels	520,006	509,001	613,804
3	Mineral fuels, lubricants and related materials	360,998	237,729	615,373
4	Animal and vegetable oils, fats and waxes	8,857	5,982	7,551
5	Chemicals and related products, n.e.s.	1,478,889	1,675,170	1,802,681
6	Manufactured goods classified chiefly by material	6,936,687	8,251,243	10,256,089
7	Machinery and transport equipment	21,311,722	26,204,597	34,686,724
8	Miscellaneous manufactured articles	38,703,661	42,825,773	49,411,102
9	Commodities and transactions not classified elsewhere in the SITC	742,410	929,980	1,134,881
	Total of all commodities	70,815,036	81,522,281	99,580,514

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-14
Leading exports to China, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	3,122,248	1,984,493	1,424,415
1201.00	Soybeans, whether or not broken	273,508	347,870	1,007,661
3100.00 ¹	Fertilizers	1,064,093	930,236	657,616
8542.13	Metal oxide semiconductors	260,807	453,913	406,788
8471.80	Other units of automated data processing machines	85,715	153,398	400,561
8473.30	Parts and accessories for automated data processing machines and units	273,214	208,025	367,177
8517.90	Parts of telephonic or telegraphic apparatus	120,144	168,344	312,416
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	115,804	91,887	210,672
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	231,946	264,257	206,212
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	110,082	112,721	196,572
8471.49	Other digital automated data processing machines, entered in the form of systems	131,073	146,310	183,859
7404.00	Copper waste and scrap	59,797	73,854	166,955
7602.00	Aluminum waste and scrap	52,470	67,368	150,592
8525.20	Transmission apparatus incorporating reception apparatus	116,607	86,199	138,282
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	134,253	82,574	132,418
8418.61	Other refrigerating or freezing equipment/heat pumps not for air conditioning, having compression type units whose condensers are heat exchangers	20,897	54,714	105,483
7403.11	Refined copper, cathodes and sections of cathodes	0	150	99,267
4804.11	Kraftliner, uncoated, unbleached, in rolls or sheets	135,448	101,015	98,328
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	15,425	39,425	97,498
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	53,548	63,213	96,918
9880.00 ²	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	75,691	75,519	96,597
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	122,414	31,170	96,291
8523.20	Magnetic discs, unrecorded	7,663	23,419	96,270
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	70,712	70,726	92,954
3907.40	Polycarbonates, in primary forms	57,865	74,141	88,013
	Subtotal	6,711,423	5,704,943	6,929,814
	All other	7,197,073	6,879,956	8,405,527
	Total of all commodities	13,908,496	12,584,898	15,335,341

¹ Special "Census Use Only" reporting number aggregating certain fertilizer products to prevent disclosure.

² Special "Census Use Only" reporting number estimating low-valued exports.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation, "n.e.s.o.i." stands for "not elsewhere specified or included."

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

Table A-15
Leading imports from China, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8471.60	Input or output units for automated data processing machines	1,659,404	2,827,097	3,646,743
8473.30	Parts and accessories for automated data processing machines and units	2,322,072	3,009,122	3,600,386
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	2,866,502	2,987,661	3,413,695
6402.99	Footwear with outer soles and uppers of rubber or plastics n.e.s.o.i.	2,012,559	2,273,606	2,318,423
9503.90	Other toys and models, n.e.s.o.i.	1,992,714	2,189,402	2,271,244
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,063,997	1,195,222	1,340,462
9503.41	Stuffed toys, representing animals or non-human creatures, and parts and accessories	1,954,877	1,480,816	1,305,654
8517.11	Line telephone sets with cordless handsets	1,016,390	1,197,949	1,273,982
8471.70	Automatic data processing storage units	950,704	889,720	1,206,684
8504.40	Static converters	840,888	1,038,628	1,206,494
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,270,526	1,187,775	1,203,039
4203.10	Articles of apparel of leather or composition leather	597,610	660,968	1,193,607
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed	1,155,038	1,085,615	1,170,330
9503.49	Other toys, representing animals or non-human creatures, and parts and accessories	766,378	1,195,777	1,121,512
8527.13	Other radiobroadcast apparatus combined with sound recording or reproducing apparatus	984,586	804,221	1,055,520
9403.60	Wooden furniture, other than of a kind used in the bedroom	550,580	745,285	983,400
6110.90	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of textile materials n.e.s.o.i.	732,428	832,790	836,416
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	714,288	737,213	784,610
9504.90	Game machines except coin-operated; board games; mah-jong; dominoes; dice	652,112	707,725	780,605
8471.50	Digital processing units other than those of 8471.41 and 8471.49	2,133	181,396	766,036
9999.95 ¹	Estimated "low valued" shipments	425,370	585,871	759,361
8527.31	Radiobroadcast receivers n.e.s.o.i., combined with sound recording or reproducing apparatus.	658,507	679,678	756,412
9405.40	Electric lamps and lighting fittings, n.e.s.o.i.	269,940	588,957	751,060
9503.70	Toys, put up in sets or outfits and parts and accessories, n.e.s.o.i.	531,032	600,098	744,095
9401.79	Seats with metal frames, not upholstered, n.e.s.o.i.	360,819	545,209	717,529
	Subtotal	26,351,455	30,227,801	35,207,302
	All other	44,463,581	51,294,481	64,373,212
	Total of all commodities	70,815,036	81,522,281	99,580,514

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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 Taiwan, by SITC numbers (revision 3), 1998-2000
(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	1,144,150	1,275,524	1,283,413
1	Beverages and tobacco	119,900	80,196	86,954
2	Crude materials, inedible, except fuels	1,011,732	1,042,392	1,132,517
3	Mineral fuels, lubricants and related materials	185,087	163,102	144,318
4	Animal and vegetable oils, fats and waxes	34,391	36,630	20,277
5	Chemicals and related products, n.e.s.	1,940,092	2,221,945	2,634,748
6	Manufactured goods classified chiefly by material	843,500	734,044	827,943
7	Machinery and transport equipment	9,610,078	9,964,084	12,914,065
8	Miscellaneous manufactured articles	1,695,201	1,751,350	2,905,342
9	Commodities and transactions not classified elsewhere in the SITC	339,156	370,441	454,107
	Total of all commodities	16,923,288	17,639,708	22,403,683
U.S. imports				
0	Food and live animals	324,533	347,058	307,335
1	Beverages and tobacco	7,389	7,598	7,802
2	Crude materials, inedible, except fuels	127,095	130,599	155,153
3	Mineral fuels, lubricants and related materials	67	13,397	1,988
4	Animal and vegetable oils, fats and waxes	4,055	3,923	4,426
5	Chemicals and related products, n.e.s.	461,379	483,505	635,063
6	Manufactured goods classified chiefly by material	4,229,667	4,466,426	4,814,402
7	Machinery and transport equipment	20,496,835	22,027,902	26,280,161
8	Miscellaneous manufactured articles	6,594,297	6,566,697	7,086,821
9	Commodities and transactions not classified elsewhere in the SITC	739,456	1,009,932	1,090,582
	Total of all commodities	32,984,774	35,057,037	40,383,733

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 Taiwan, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8542.13	Metal oxide semiconductors	1,138,436	1,541,122	2,702,868
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	616,029	1,093,658	2,130,893
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,647,943	453,478	742,026
8542.30	Other monolithic integrated circuits	544,572	654,697	618,539
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	116,876	192,951	560,298
1005.90	Corn (maize), other than seed	377,466	464,536	456,516
8473.30	Parts and accessories for automated data processing machines and units	384,514	306,791	398,583
1201.00	Soybeans, whether or not broken	276,339	391,596	384,764
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	465,908	448,071	384,536
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	234,770	343,324	382,595
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items	116,039	145,946	377,337
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	142,216	174,111	308,337
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	198,815	205,709	278,612
8802.12	Helicopters of an unladen weight exceeding 2,000 kilograms	60,316	21,061	232,475
8517.90	Parts of telephonic or telegraphic apparatus	94,648	89,579	222,445
8466.93	Parts and accessories for machine tools, for laser operation, metalworking machining centers, lathes and drilling machines, etc., n.e.s.o.i.	88,245	85,996	208,335
9030.89	Instruments and apparatus, for measuring or checking electrical quantities, n.e.s.o.i.	78,332	122,662	201,040
8464.20	Grinding or polishing machines for working stone, ceramics, concrete, asbestos-cement or like mineral materials or for cold working glass	20,895	117,103	173,312
2902.50	Styrene (vinylbenzene; phenylethylene)	38,361	154,230	168,763
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	143,990	151,145	167,773
8471.49	Other digital automated data processing machines, entered in the form of systems	85,301	85,626	159,288
8543.11	Ion implanters for doping semiconductor materials	66,036	85,657	156,207
1001.90	Wheat and meslin, excluding durum wheat	150,219	137,211	143,633
8471.80	Other units of automated data processing machines	58,353	84,337	142,570
9306.90	Bombs, grenades, torpedoes, mines, missiles, etc., and parts	158,222	37,892	126,911
	Subtotal	7,302,838	7,588,490	11,828,658
	All other	9,620,450	10,051,219	10,575,025
	Total of all commodities	16,923,288	17,639,708	22,403,683

¹ Special "Census Use Only" reporting number estimating low-valued exports.

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 Taiwan, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	1,466,199	2,555,252	3,796,062
8473.30	Parts and accessories for automated data processing machines and units	4,655,134	4,392,291	3,767,955
8542.13	Metal oxide semiconductors	1,804,892	2,191,643	3,342,272
8471.60	Input or output units for automated data processing machines	2,089,025	1,311,485	1,222,140
8542.30	Other monolithic integrated circuits	872,018	1,101,954	1,151,296
8525.10	Transmission apparatus for radio or television	606,017	799,404	908,320
8471.80	Other units of automated data processing machines	474,799	641,559	892,477
8534.00	Printed circuits	540,820	593,965	889,636
8517.50	Other apparatus for carrier-current line systems or for digital line systems	363,753	350,029	614,463
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	393,957	570,963	567,211
9999.95 ¹	Estimated "low valued" shipments	323,243	424,869	502,761
8504.40	Static converters	402,678	437,420	487,132
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	60,509	256,121	447,662
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	376,362	380,870	385,694
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers	315,399	282,010	318,338
8465.91	Sawing machines for working wood, cork, bone, hard rubber, hard plastics, etc	191,561	241,875	286,638
8712.00	Bicycles and other cycles (including delivery tricycles), not motorized	357,406	310,703	278,440
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	245,928	254,307	277,273
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	223,989	202,930	270,909
7318.14	Self-tapping screws of iron or steel	240,247	233,298	260,876
8471.70	Automatic data processing storage units	440,047	244,468	229,493
8536.69	Electrical plugs and sockets for a voltage not exceeding 1,000 v	158,171	168,496	214,759
9403.20	Metal furniture, other than of a kind used in offices	200,066	210,570	206,113
7318.16	Nuts, threaded, of iron or steel	179,002	178,332	203,017
8471.50	Digital processing units other than those of 8471.41 and 8471.49	68,313	126,236	202,349
	Subtotal	17,049,538	18,461,050	21,723,286
	All other	15,935,236	16,595,987	18,660,447
	Total of all commodities	32,984,774	35,057,037	40,383,733

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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 Korea, by SITC numbers (revision 3), 1998-2000

(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	1,284,656	1,764,918	1,714,703
1	Beverages and tobacco	65,883	118,927	169,600
2	Crude materials, inedible, except fuels	1,564,925	1,610,728	2,059,849
3	Mineral fuels, lubricants and related materials	323,893	486,246	353,543
4	Animal and vegetable oils, fats and waxes	83,096	127,876	77,409
5	Chemicals and related products, n.e.s.	1,641,131	2,092,042	2,641,573
6	Manufactured goods classified chiefly by material	762,248	850,725	1,053,699
7	Machinery and transport equipment	8,570,750	12,869,789	15,600,067
8	Miscellaneous manufactured articles	1,348,590	1,692,366	2,177,858
9	Commodities and transactions not classified elsewhere in the SITC	333,652	423,890	454,136
	Total of all commodities	15,978,825	22,037,507	26,302,437
U.S. imports				
0	Food and live animals	127,009	150,064	166,134
1	Beverages and tobacco	12,128	18,021	23,085
2	Crude materials, inedible, except fuels	176,961	142,134	204,319
3	Mineral fuels, lubricants and related materials	108,107	273,017	380,079
4	Animal and vegetable oils, fats and waxes	1,151	465	2,221
5	Chemicals and related products, n.e.s.	694,736	741,923	849,073
6	Manufactured goods classified chiefly by material	3,413,210	3,409,271	3,748,759
7	Machinery and transport equipment	14,860,617	21,594,397	29,300,191
8	Miscellaneous manufactured articles	3,830,216	4,226,571	4,484,802
9	Commodities and transactions not classified elsewhere in the SITC	476,786	596,440	670,242
	Total of all commodities	23,700,920	31,152,305	39,828,906

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 Korea, by Schedule B numbers, 1998-2000
(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8542.13	Metal oxide semiconductors	2,446,879	4,591,446	4,096,225
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	669,040	926,510	1,191,408
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	252,130	581,600	1,115,030
8473.30	Parts and accessories for automated data processing machines and units	227,699	305,733	597,466
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	663,360	510,073	573,842
8542.30	Other monolithic integrated circuits	235,352	373,383	493,663
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	252,274	296,603	444,303
8471.80	Other units of automated data processing machines	55,704	190,826	399,144
8471.49	Other digital automated data processing machines, entered in the form of systems	115,303	216,575	395,556
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	141,776	181,399	353,891
8517.50	Other apparatus for carrier-current line systems or for digital line systems	52,738	76,487	353,444
0202.30	Meat of bovine animals, boneless, frozen	100,648	240,811	305,163
8517.90	Parts of telephonic or telegraphic apparatus	84,100	170,016	297,921
1201.00	Soybeans, whether or not broken	304,672	225,232	258,824
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	152,109	209,455	252,390
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	180,525	234,710	231,877
2926.10	Acrylonitrile	56,438	81,269	207,526
1005.90	Corn (maize), other than seed	464,853	574,936	206,810
8542.90	Parts for electronic integrated circuits and microassemblies	82,008	123,040	204,537
8525.20	Transmission apparatus incorporating reception apparatus	139,336	251,649	182,179
1001.90	Wheat and meslin, excluding durum wheat	212,079	208,997	178,779
8542.19	Electronic monolithic integrated circuits, digital, n.e.s.o.i.	76,248	140,938	173,050
0202.20	Meat of bovine animals, cuts with bone in, other than in half or whole carcasses, frozen	32,887	71,842	170,945
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	137,018	140,177	150,213
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	22,068	40,686	133,777
	Subtotal	7,157,246	10,964,392	12,967,964
	All other	8,821,578	11,073,116	13,334,474
	Total of all commodities	15,978,825	22,037,507	26,302,437

¹ Special "Census Use Only" reporting number estimating low-valued exports.

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 Korea, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8542.13	Metal oxide semiconductors	4,669,965	5,891,646	6,495,560
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,568,582	2,606,787	4,239,011
8525.20	Transmission apparatus incorporating reception apparatus	672,966	1,628,310	2,915,907
8473.30	Parts and accessories for automated data processing machines and units	1,579,542	1,720,853	2,817,209
8471.60	Input or output units for automated data processing machines	837,668	1,857,797	2,232,445
8471.50	Digital processing units other than those of 8471.41 and 8471.49	2,180	744,977	1,255,536
8471.70	Automatic data processing storage units	646,894	514,766	826,815
8542.30	Other monolithic integrated circuits	334,017	452,285	587,568
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	122,514	257,096	538,584
8516.50	Microwave ovens of a kind used for domestic purposes	447,945	483,339	493,929
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	379,277	437,577	462,619
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	359,176	397,373	366,245
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	90,054	240,186	327,419
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	91,203	84,632	320,744
8525.40	Still image video cameras and other video camera recorders	60,540	194,329	270,232
8415.10	Air conditioning machines, window or wall types, self-contained, with motor-driven fan and elements for changing the temperature/humidity	81,818	163,581	267,687
6205.30	Men's or boys' shirts, of manmade fibers, not knitted or crocheted	116,886	170,846	257,631
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	8,189	89,781	234,589
8534.00	Printed circuits	133,313	164,659	226,558
9999.95 ¹	Estimated "low valued" shipments	85,023	139,603	189,942
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	146,331	197,388	186,486
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	146,302	151,190	181,102
8521.10	Magnetic tape-type video recording or reproducing apparatus	152,132	166,558	171,134
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	72,084	116,771	148,240
4810.11	Paper/paperboard, for writing or other graphic use, not over 10 percent mechanical fibers/150 grams per square meter, clay coated, in rolls or sheets	37,972	67,925	143,825
	Subtotal	12,842,572	18,940,256	26,157,018
	All other	10,858,348	12,212,049	13,671,888
	Total of all commodities	23,700,920	31,152,305	39,828,906

¹ Special "Census Use Only" reporting number estimating low-valued imports.

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 Brazil, by SITC numbers (revision 3), 1998-2000

(1,000 dollars)

SITC Section No.	Description	1998	1999	2000
U.S. exports				
0	Food and live animals	344,707	137,917	140,932
1	Beverages and tobacco	13,854	5,857	7,147
2	Crude materials, inedible, except fuels	321,977	237,697	330,146
3	Mineral fuels, lubricants and related materials	406,321	304,120	340,673
4	Animal and vegetable oils, fats and waxes	16,774	5,429	2,195
5	Chemicals and related products, n.e.s.	2,745,951	2,505,077	2,793,690
6	Manufactured goods classified chiefly by material	907,900	741,657	752,297
7	Machinery and transport equipment	7,948,238	7,054,642	8,021,261
8	Miscellaneous manufactured articles	1,276,877	1,033,351	1,307,310
9	Commodities and transactions not classified elsewhere in the SITC	310,171	305,156	329,804
	Total of all commodities	14,292,770	12,330,902	14,025,456
U.S. imports				
0	Food and live animals	1,080,538	1,287,875	1,027,878
1	Beverages and tobacco	79,370	165,724	143,439
2	Crude materials, inedible, except fuels	876,839	972,875	1,136,065
3	Mineral fuels, lubricants and related materials	259,161	289,498	788,247
4	Animal and vegetable oils, fats and waxes	20,195	16,429	16,367
5	Chemicals and related products, n.e.s.	463,294	468,420	668,624
6	Manufactured goods classified chiefly by material	2,238,481	2,467,464	2,916,807
7	Machinery and transport equipment	3,077,085	3,554,296	4,283,735
8	Miscellaneous manufactured articles	1,369,734	1,349,992	1,649,619
9	Commodities and transactions not classified elsewhere in the SITC	488,103	700,145	1,100,790
	Total of all commodities	9,952,800	11,272,720	13,731,571

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 Brazil, by Schedule B numbers, 1998-2000

(1,000 dollars)

Schedule B No.	Description	1998	1999	2000
8473.30	Parts and accessories for automated data processing machines and units	733,104	557,529	701,588
8411.12	Turbojets of a thrust exceeding 25 kN	276,724	394,056	520,066
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	362,886	479,675	448,985
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	343,441	428,469	426,454
8411.91	Parts for turbojets or turbopropellers	251,620	189,854	264,230
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	398,316	258,086	252,746
8525.20	Transmission apparatus incorporating reception apparatus	378,202	441,319	234,874
9880.00 ¹	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	239,883	209,555	233,827
8542.13	Metal oxide semiconductors	74,139	99,198	227,166
8517.90	Parts of telephonic or telegraphic apparatus	47,844	130,641	221,607
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	159,429	116,916	186,300
8471.80	Other units of automated data processing machines	62,548	87,650	164,584
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	125,075	159,636	157,971
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	276,796	174,636	157,718
3100.00 ²	Fertilizers	156,330	110,813	146,289
8471.49	Other digital automated data processing machines, entered in the form of systems	182,850	128,336	136,906
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	60,363	92,956	131,136
8542.30	Other monolithic integrated circuits	32,102	118,692	125,605
8431.39	Parts for lifting, handling, loading, or unloading machinery, n.e.s.o.i.	89,105	60,401	113,185
2931.00	Organo-inorganic compounds, n.e.s.o.i.	148,718	88,283	112,669
8431.49	Parts and attachments for derricks, cranes, self-propelled bulldozers, graders, and other grading, scraping machinery, n.e.s.o.i.	90,969	52,715	111,415
3808.30	Herbicides, antisprouting products, and plant-growth regulators, put up in forms or packings for retail sale or as preparations or articles	118,660	119,338	104,379
8471.70	Automatic data processing storage units	86,088	88,050	102,447
9001.10	Optical fibers, optical fiber bundles and cables	9,574	14,341	100,951
8471.50	Digital processing units other than those of 8471.41 and 8471.49	50,140	53,170	98,882
	Subtotal	4,754,906	4,654,318	5,481,981
	All other	9,537,865	7,676,584	8,543,475
	Total of all commodities	14,292,770	12,330,902	14,025,456

¹ Special "Census Use Only" reporting number estimating low-valued exports.

² Special "Census Use Only" reporting number aggregating certain fertilizer products to prevent disclosure.

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 Brazil, by HTS numbers, 1998-2000

(1,000 dollars)

HTS No.	Description	1998	1999	2000
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	782,604	1,162,344	1,435,020
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	775,966	745,184	826,772
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	251,325	267,236	689,888
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	154,307	374,755	677,737
4703.29	Chemical woodpulp, soda, or sulfate, other than dissolving grades, semibleached or bleached, nonconiferous	289,757	331,517	462,480
7207.12	Semifinished iron/nonalloy steel products, under 0.25 percent carbon, rectangular/not square, width not less than twice thickness	331,451	399,024	436,633
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	311,522	287,062	364,857
7201.10	Nonalloy pig iron containing 0.5 percent or less phosphorus by weight, in primary forms	316,533	265,095	355,688
8525.20	Transmission apparatus incorporating reception apparatus	19,303	45,128	336,643
0901.11	Coffee, not roasted, not decaffeinated	366,747	463,708	247,321
8414.30	Compressors of a kind used in refrigerating equipment, including air conditioning	209,831	213,583	217,044
8409.99	Parts for use with compression-ignition internal combustion piston engines	240,413	226,140	192,246
8527.21	Radiobroadcast receivers for motor vehicles	211,529	172,057	186,380
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	101,758	91,536	159,139
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,294	1,349	149,424
2401.20	Tobacco, partly or wholly stemmed/stripped	71,591	158,578	134,602
2909.19	Acyclic ethers, excluding diethyl ether, and their halogenated, sulfonated, nitrated, or nitrosated derivatives	23,535	70,806	134,102
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	112,503	153,635	133,072
0801.32	Cashew nuts, fresh or dried, shelled	90,255	93,867	123,193
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	111,206	131,048	113,142
7224.90	Semifinished products of alloy steel, other than stainless, n.e.s.o.i.	17,577	44,239	112,001
8409.91	Parts for spark-ignition internal-combustion piston engines	101,910	104,053	110,317
2009.11	Orange juice, frozen, whether or not sweetened	133,133	184,772	103,068
2902.20	Benzene	48,725	57,370	102,259
7601.20	Unwrought aluminum alloys	45,415	66,234	99,037
	Subtotal	5,120,189	6,110,321	7,902,063
	All other	4,832,611	5,162,399	5,829,508
	Total of all commodities	9,952,800	11,272,720	13,731,571

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
Antidumping cases active in 2000, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
731-TA-814	Creatine monohydrate	China	02/12/99	A	A	A	A	01/28/00
731-TA-816	Carbon steel plate	France	02/16/99	A	A	A	A	02/01/00
731-TA-817	Carbon steel plate	India	02/16/99	A	A	A	A	02/01/00
731-TA-818	Carbon steel plate	Indonesia	02/16/99	A	A	A	A	02/01/00
731-TA-819	Carbon steel plate	Italy	02/16/99	A	A	A	A	02/01/00
731-TA-820	Carbon steel plate	Japan	02/16/99	A	A	A	A	02/01/00
731-TA-821	Carbon steel plate	Korea	02/16/99	A	A	A	A	02/01/00
731-TA-825	Polyester staple fiber	Korea	04/02/99	A	A	A	A	05/15/00
731-TA-826	Polyester staple fiber	Taiwan	04/02/99	A	A	A	A	05/15/00
731-TA-828	Aspirin	China	05/28/99	A	A	A	A	06/30/00
731-TA-829	Cold-rolled carbon steel products	Argentina	06/02/99	A	A	A	N	03/13/00
731-TA-830	Cold-rolled carbon steel products	Brazil	06/02/99	A	A	A	N	03/13/00
731-TA-831	Cold-rolled carbon steel products	China	06/02/99	A	A	A	N	07/10/00
731-TA-832	Cold-rolled carbon steel products	Indonesia	06/02/99	A	A	A	N	07/10/00
731-TA-833	Cold-rolled carbon steel products	Japan	06/02/99	A	A	A	N	03/13/00
731-TA-834	Cold-rolled carbon steel products	Russia	06/02/99	A	A	A	N	03/13/00
731-TA-835	Cold-rolled carbon steel products	Slovakia	06/02/99	A	A	A	N	07/10/00
731-TA-836	Cold-rolled carbon steel products	South Africa	06/02/99	A	A	A	N	03/13/00
731-TA-837	Cold-rolled carbon steel products	Taiwan	06/02/99	A	A	A	N	07/10/00
731-TA-838	Cold-rolled carbon steel products	Thailand	06/02/99	A	A	A	N	03/13/00
731-TA-839	Cold-rolled carbon steel products	Turkey	06/02/99	A	A	A	N	05/04/00
731-TA-840	Cold-rolled carbon steel products	Venezuela	06/02/99	A	A	A	N	05/04/00
731-TA-841	Non-frozen apple juice concentrate	China	06/07/99	A	A	A	A	05/26/00
731-TA-846	Seamless pipe	Czech Republic	06/30/99	A	A	A	A	08/02/00
731-TA-847	Seamless pipe	Japan	06/30/99	A	A	A	A	06/16/00
731-TA-848	Seamless pipe	Mexico	06/30/99	A	A	A	A	08/02/00
731-TA-849	Seamless pipe	Romania	06/30/99	A	A	A	A	08/02/00
731-TA-850	Seamless pipe	South Africa	06/30/99	A	A	A	A	06/16/00
731-TA-851	Synthetic indigo	China	06/30/99	A	A	A	A	06/12/00
731-TA-853	Structural steel beams	Japan	07/07/99	A	A	A	A	06/09/00
731-TA-854	Structural steel beams	Korea	07/07/99	A	A	A	A	08/07/00
731-TA-856	Ammonium nitrate	Russia	07/23/99	A	A	A	A	08/14/00
731-TA-859	Seamless stainless steel hollow products	Japan	10/26/99	A	A	A	N	08/25/00

See footnotes at end of table.

Table A-25—Continued
Antidumping cases active in 2000, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
731-TA-860	Tin mill products	Japan	10/28/99	A	A	A	A	08/09/00
731-TA-861	Expandable polystyrene resins	Indonesia	11/22/99	A	A	A	N	12/20/00
731-TA-862	Expandable polystyrene resins	Korea	11/22/99	A	A	N	(³)	11/16/00
731-TA-863	Citric acid and sodium citrate	China	12/15/99	N	(³)	(³)	(³)	01/31/00
731-TA-864	Stainless steel butt-weld pipe fittings	Germany	12/29/99	A	A	A	N	11/29/00
731-TA-865	Stainless steel butt-weld pipe fittings	Italy	12/29/99	A	A	A	(⁴)	(⁴)
731-TA-866	Stainless steel butt-weld pipe fittings	Malaysia	12/29/99	A	A	A	(⁴)	(⁴)
731-TA-867	Stainless steel butt-weld pipe fittings	Philippines	12/29/99	A	A	A	(⁴)	(⁴)
731-TA-868	Steel wire rope	China	03/01/00	A	A	(⁴)	(⁴)	(⁴)
731-TA-869	Steel wire rope	India	03/01/00	A	A	(⁴)	(⁴)	(⁴)
731-TA-870	Steel wire rope	Malaysia	03/01/00	A	N	(⁴)	(⁴)	(⁴)
731-TA-871	Steel wire rope	Thailand	03/01/00	(⁵)	(³)	(³)	(³)	04/17/00
731-TA-872	Steel concrete reinforcing bars	Austria	06/28/00	(⁵)	(³)	(³)	(³)	08/14/00
731-TA-873	Steel concrete reinforcing bars	Belarus	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-874	Steel concrete reinforcing bars	China	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-875	Steel concrete reinforcing bars	Indonesia	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-876	Steel concrete reinforcing bars	Japan	06/28/00	N	(³)	(³)	(³)	08/14/00
731-TA-877	Steel concrete reinforcing bars	Korea	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-878	Steel concrete reinforcing bars	Latvia	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-879	Steel concrete reinforcing bars	Moldova	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-880	Steel concrete reinforcing bars	Poland	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-881	Steel concrete reinforcing bars	Russia	06/28/00	(⁵)	(³)	(³)	(³)	08/14/00
731-TA-882	Steel concrete reinforcing bars	Ukraine	06/28/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-883	Steel concrete reinforcing bars	Venezuela	06/28/00	(⁵)	(³)	(³)	(³)	08/14/00
731-TA-884	Anhydrous sodium sulfate	Canada	07/10/00	N	(³)	(³)	(³)	08/24/00
731-TA-885	Desktop note counters and scanners	China	07/17/00	N	(³)	(³)	(³)	09/08/00
731-TA-886	Desktop note counters and scanners	Korea	07/17/00	N	(³)	(³)	(³)	09/08/00
731-TA-887	Desktop note counters and scanners	United Kingdom	07/17/00	N	(³)	(³)	(³)	09/08/00
731-TA-888	Stainless steel angle	Japan	08/18/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-889	Stainless steel angle	Korea	08/18/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-890	Stainless steel angle	Spain	08/18/00	A	(⁴)	(⁴)	(⁴)	(⁴)
731-TA-891	Foundry coke	China	09/20/00	A	(⁴)	(⁴)	(⁴)	(⁴)

See footnotes at end of table.

Table A-25—Continued
Antidumping cases active in 2000, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
731-TA-892	Honey	Argentina	09/29/00	A	(4)	(4)	(4)	(4)
731-TA-893	Honey	China	09/29/00	A	(4)	(4)	(4)	(4)
731-TA-894	Ammonium nitrate	Ukraine	10/13/00	A	(4)	(4)	(4)	(4)
731-TA-895	Pure magnesium	China	10/17/00	A	(4)	(4)	(4)	(4)
731-TA-896	Pure magnesium	Israel	10/17/00	A	(4)	(4)	(4)	(4)
731-TA-897	Pure magnesium	Russia	10/17/00	A	(4)	(4)	(4)	(4)
731-TA-898	Hot-rolled carbon steel flat products	Argentina	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-899	Hot-rolled carbon steel flat products	China	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-900	Hot-rolled carbon steel flat products	India	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-901	Hot-rolled carbon steel flat products	Indonesia	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-902	Hot-rolled carbon steel flat products	Kazakhstan	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-903	Hot-rolled carbon steel flat products	Netherlands	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-904	Hot-rolled carbon steel flat products	Romania	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-905	Hot-rolled carbon steel flat products	South Africa	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-906	Hot-rolled carbon steel sheet	Taiwan	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-907	Hot-rolled carbon steel sheet	Thailand	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-908	Hot-rolled carbon steel sheet	United Kingdom	11/13/00	A	(4)	(4)	(4)	(4)
731-TA-909	Low enriched uranium	France	12/07/00	(4)	(4)	(4)	(4)	(4)
731-TA-910	Low enriched uranium	Germany	12/07/00	(4)	(4)	(4)	(4)	(4)
731-TA-911	Low enriched uranium	Netherlands	12/07/00	(4)	(4)	(4)	(4)	(4)
731-TA-912	Low enriched uranium	United Kingdom	12/07/00	(4)	(4)	(4)	(4)	(4)
731-TA-913	Stainless steel bar	France	12/28/00	(4)	(4)	(4)	(4)	(4)
731-TA-914	Stainless steel bar	Germany	12/28/00	(4)	(4)	(4)	(4)	(4)
731-TA-915	Stainless steel bar	Italy	12/28/00	(4)	(4)	(4)	(4)	(4)
731-TA-916	Stainless steel bar	Korea	12/28/00	(4)	(4)	(4)	(4)	(4)
731-TA-917	Stainless steel bar	Taiwan	12/28/00	(4)	(4)	(4)	(4)	(4)
731-TA-918	Stainless steel bar	United Kingdom	12/28/00	(4)	(4)	(4)	(4)	(4)

¹ International Trade Administration, U.S. Department of Commerce.

² For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.

³ Not applicable.

⁴ Pending as of December 31, 2000.

⁵ The investigation was terminated because imports were found to be negligible.

Source: Compiled from data maintained by the Commission.

Table A-26
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Argentina:	
Oil country tubular goods	Aug. 11, 1995
Seamless pipe	Aug. 3, 1995
Silicon metal	Sept. 26, 1991
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:	
Solid urea	July 14, 1987
Belgium:	
Stainless steel plate in coils	May 21, 1999
Carbon steel plate	Aug. 19, 1993
Sugar	June 13, 1979
Brazil:	
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Seamless pipe	Aug. 3, 1995
Stainless steel bar	Feb. 21, 1995
Silicomanganese	Dec. 22, 1994
Stainless steel wire rod	Jan. 28, 1994
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
Industrial nitrocellulose	July 10, 1990
Frozen concentrated orange juice	May 5, 1987
Brass sheet and strip	Jan. 12, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Iron construction castings	May 9, 1986
Canada:	
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:	
Preserved mushrooms	Dec. 2, 1998
Fresh Atlantic salmon	July 30, 1998
China:	
Aspirin	July 11, 2000
Synthetic indigo	June 19, 2000
Non-frozen apple juice concentrate	June 5, 2000
Creatine monohydrate	Feb. 4, 2000
Preserved mushrooms	Feb. 19, 1999
Collated roofing nails	Nov. 19, 1997
Carbon steel plate (suspended)	Oct. 24, 1997
Crawfish tail meat	Sept. 15, 1997
Persulfates	July 7, 1997
Brake rotors	Apr. 17, 1997
Melamine institutional dinnerware	Feb. 25, 1997
Polyvinyl alcohol	May 14, 1996
Manganese metal	Feb. 6, 1996

Table A-26—Continued
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
China—Continued	
Furfuryl alcohol	June 21, 1995
Pure magnesium	May 12, 1995
Glycine	Mar. 29, 1995
Coumarin	Feb. 9, 1995
Cased pencils	Dec. 28, 1994
Silicomanganese	Dec. 22, 1994
Paper clips	Nov. 25, 1994
Fresh garlic	Nov. 16, 1994
Sebacic acid	July 14, 1994
Helical spring lock washers	Oct. 19, 1993
Sulfanilic acid	Aug. 19, 1992
Carbon steel butt-weld pipe fittings	July 6, 1992
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Axes and adzes	Feb. 19, 1991
Bars and wedges	Feb. 19, 1991
Hammers and sledges	Feb. 19, 1991
Picks and mattocks	Feb. 19, 1991
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Tapered roller bearings	June 15, 1987
Porcelain-on-steel cooking ware	Dec. 2, 1986
Petroleum wax candles	Aug. 28, 1986
Iron construction castings	May 9, 1986
Natural bristle paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Cotton shop towels	Oct. 4, 1983
Greige polyester cotton print cloth	Sept. 16, 1983
Czech Republic:	
Small diameter seamless pipe	Aug. 14, 2000
Estonia:	
Solid urea	July 14, 1987
Finland:	
Carbon steel plate	Aug. 19, 1993
France:	
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
Industrial nitrocellulose	Aug. 10, 1983
Sorbitol	Apr. 9, 1982
Anhydrous sodium metasilicate	Jan. 7, 1981
Sugar	June 13, 1979
Germany:	
Stainless steel sheet and strip	July 27, 1999
Large newspaper printing presses	Sept. 4, 1996
Seamless pipe	Aug. 3, 1995
Carbon steel plate	Aug. 19, 1993

Table A-26—Continued
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Germany—Continued	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sugar	June 13, 1979
India:	
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 steel plate	Feb. 10, 2000
Extruded rubber thread	May 21, 1999
Preserved mushrooms	Feb. 19, 1999
Melamine institutional dinnerware	Feb. 25, 1997
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
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
Seamless pipe	Aug. 3, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Brass sheet and strip	Mar. 6, 1987
Pressure sensitive plastic tape	Oct. 21, 1977
Japan:	
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
Vector supercomputers	Oct. 24, 1997
Gas turbo-compressor systems	June 16, 1997
Sodium azide (suspended)	Jan. 7, 1997
Large newspaper printing presses	Sept. 4, 1996
Clad steel plate	July 2, 1996
Polyvinyl alcohol	May 14, 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

Table A-26—Continued
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Japan—Continued	
Electroluminescent flat panel displays	Sept. 4, 1991
Gray portland cement and clinker	May 10, 1991
Industrial nitrocellulose	July 10, 1990
Mechanical transfer presses	Feb. 16, 1990
Drafting machines	Dec. 29, 1989
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Internal combustion industrial forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	Mar. 25, 1988
Malleable cast iron pipe fittings	July 6, 1987
Carbon steel butt-weld pipe fittings	Feb. 10, 1987
Prestressed concrete steel wire strand	Dec. 8, 1978
Melamine	Feb. 2, 1977
Polychloroprene rubber	Dec. 6, 1973
Korea:	
Structural steel beams	Aug. 18, 2000
Polyester staple fiber	May 25, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Oil country tubular goods	Aug. 11, 1995
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Polyethylene terephthalate (PET) film	June 5, 1991
Industrial nitrocellulose	July 10, 1990
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Malleable cast iron pipe fittings	May 23, 1986
Lithuania:	
Solid urea	July 14, 1987
Malaysia:	
Extruded rubber thread	Oct. 7, 1992
Mexico:	
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
Porcelain-on-steel cooking ware	Dec. 2, 1986
Netherlands:	
Aramid fiber	June 24, 1994
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Poland:	
Carbon steel plate	Aug. 19, 1993

Table A-26—Continued
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Romania:	
Small diameter seamless pipe	Aug. 10, 2000
Carbon steel plate	Aug. 19, 1993
Solid urea	July 14, 1987
Russia:	
Ammonium nitrate (suspended)	May 19, 2000
Hot-rolled carbon steel flat products (suspended)	July 12, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Ferrovandium and nitrided vanadium	July 10, 1995
Uranium (suspended)	Oct. 16, 1992
Solid urea	July 14, 1987
Singapore:	
Ball bearings	May 15, 1989
South Africa:	
Small diameter seamless pipe	June 26, 2000
Stainless steel plate in coils	May 21, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Spain:	
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:	
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
Static random access memory semiconductors	Apr. 16, 1998
Collated roofing nails	Nov. 19, 1997
Melamine institutional dinnerware	Feb. 25, 1997
Polyvinyl alcohol	May 14, 1996
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
Tajikistan:	
Solid urea	July 14, 1987
Thailand:	
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

Table A-26—Continued
Antidumping orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Turkey:	
Steel concrete reinforcing bar	Apr. 17, 1997
Pasta	July 24, 1996
Aspirin	Aug. 25, 1987
Welded carbon steel pipe	May 15, 1986
Turkmenistan:	
Solid urea	July 14, 1987
Ukraine:	
Carbon steel plate (suspended)	Oct. 24, 1997
Silicomanganese (suspended)	Oct. 31, 1994
Solid urea	July 14, 1987
United Kingdom:	
Stainless steel sheet and strip	July 27, 1999
Carbon steel plate	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Uzbekistan:	
Solid urea	July 14, 1987

Source: Compiled from data maintained by the Commission.

Table A-27
Countervailing duty cases active in 2000, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	Country of origin	Date of institution	USITC prelim	ITA ¹ prelim	ITA final	USITC final	Date of final action ²
701-TA-387	Carbon steel plate	France	02/16/99	A	A	A	A	02/01/00
701-TA-388	Carbon steel plate	India	02/16/99	A	A	A	A	02/01/00
701-TA-389	Carbon steel plate	Indonesia	02/16/99	A	A	A	A	02/01/00
701-TA-390	Carbon steel plate	Italy	02/16/99	A	A	A	A	02/01/00
701-TA-391	Carbon steel plate	Korea	02/16/99	A	A	A	A	02/01/00
701-TA-393	Cold-rolled carbon steel products	Brazil	06/02/99	A	A	A	N	03/13/00
701-TA-401	Structural steel beams	Korea	07/07/99	A	A	A	A	08/07/00
701-TA-402	Honey	Argentina	09/29/00	A	(³)	(³)	(³)	(³)
701-TA-403	Pure magnesium	Israel	10/17/00	A	(³)	(³)	(³)	(³)
701-TA-404	Hot-rolled carbon steel flat products	Argentina	11/13/00	A	(³)	(³)	(³)	(³)
701-TA-405	Hot-rolled carbon steel flat products	India	11/13/00	A	(³)	(³)	(³)	(³)
701-TA-406	Hot-rolled carbon steel flat products	Indonesia	11/13/00	A	(³)	(³)	(³)	(³)
701-TA-407	Hot-rolled carbon steel flat products	South Africa	11/13/00	A	(³)	(³)	(³)	(³)
701-TA-408	Hot-rolled carbon steel flat products	Thailand	11/13/00	A	(³)	(³)	(³)	(³)
701-TA-409	Low enriched uranium	France	12/07/00	(³)	(³)	(³)	(³)	(³)
701-TA-410	Low enriched uranium	Germany	12/07/00	(³)	(³)	(³)	(³)	(³)
701-TA-411	Low enriched uranium	Netherlands	12/07/00	(³)	(³)	(³)	(³)	(³)
701-TA-412	Low enriched uranium	United Kingdom	12/07/00	(³)	(³)	(³)	(³)	(³)
701-TA-413	Stainless steel bar	Italy	12/28/00	(³)	(³)	(³)	(³)	(³)

¹ International Trade Administration, U.S. Department of Commerce.

² For cases in which the final action was taken by the ITA, the date shown is the *Federal Register* notice date of that action. For cases in which the final action was taken by the USITC, the date of the USITC notification of Commerce is shown.

³ Pending as of December 31, 2000.

Source: Compiled from data maintained by the Commission.

Table A-28
Countervailing duty orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
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:	
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 22, 1989
European Union:	
Sugar	July 31, 1978
France:	
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Brass sheet and strip	Mar. 6, 1987
Germany:	
Carbon steel plate	Aug. 17, 1993
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
India:	
Carbon steel plate	Feb. 10, 2000
Sulfanilic acid	Mar. 2, 1993
Indonesia:	
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 10, 1995
Seamless pipe	Aug. 8, 1995
Grain-oriented silicon electrical steel	June 7, 1994
Korea:	
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
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Pakistan:	
Cotton shop towels	Mar. 9, 1984
South Africa:	
Stainless steel plate in coils	May 11, 1999

Table A-28—Continued
Countervailing duty orders in effect as of December 31, 2000

Country and commodity	Effective date of original action
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
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
Carbon steel plate	Aug. 17, 1993

Source: Compiled from data maintained by the Commission.

Table A-29
Reviews of existing antidumping duty orders and suspension agreements
completed in 2000, by date of completion

USITC investi- gation number	Product	Country of origin	Completion date	Action
731-TA-514	Cotton shop towels	Bangladesh	01/21/00	Continued
731-TA-103	Cotton shop towels	China	01/21/00	Continued
731-TA-422	Steel rails	Canada	01/24/00	Continued
731-TA-157	Carbon steel wire rod	Argentina	01/27/00	Revoked
731-TA-278	Malleable cast iron pipe fittings	Brazil	02/08/00	Revoked
731-TA-347	Malleable cast iron pipe fittings	Japan	02/08/00	Continued
731-TA-279	Malleable cast iron pipe fittings	Korea	02/08/00	Continued
731-TA-280	Malleable cast iron pipe fittings	Taiwan	02/08/00	Revoked
731-TA-348	Malleable cast iron pipe fittings	Thailand	02/08/00	Revoked
731-TA-459	Polyethylene terephthalate (PET) film .	Korea	02/16/00	Continued
731-TA-466	Sodium thiosulfate	China	02/17/00	Continued
731-TA-465	Sodium thiosulfate	Germany	02/17/00	Continued
731-TA-468	Sodium thiosulfate	United Kingdom	02/17/00	Continued
731-TA-376	Stainless steel butt-weld pipe fittings .	Japan	02/22/00	Continued
731-TA-563	Stainless steel butt-weld pipe fittings .	Korea	02/22/00	Continued
731-TA-564	Stainless steel butt-weld pipe fittings .	Taiwan	02/22/00	Continued
731-TA-454	Fresh and chilled Atlantic salmon . . .	Norway	02/24/00	Continued
731-TA-469	Electroluminescent flat panel displays	Japan	03/27/00	Continued
731-TA-298	Porcelain-on-steel cooking ware	China	03/30/00	Continued
731-TA-297	Porcelain-on-steel cooking ware	Mexico	03/30/00	Continued
731-TA-299	Porcelain-on-steel cooking ware	Taiwan	03/30/00	Continued
731-TA-304	Top-of-the-stove stainless steel cooking ware	Korea	03/30/00	Continued
731-TA-305	Top-of-the-stove stainless steel cooking ware	Taiwan	03/30/00	Continued
731-TA-377	Internal combustion industrial forklift trucks	Japan	04/04/00	Continued
731-TA-311	Brass sheet and strip	Brazil	04/12/00	Continued
731-TA-312	Brass sheet and strip	Canada	04/12/00	Continued
731-TA-313	Brass sheet and strip	France	04/12/00	Continued
731-TA-317	Brass sheet and strip	Germany	04/12/00	Continued
731-TA-314	Brass sheet and strip	Italy	04/12/00	Continued
731-TA-379	Brass sheet and strip	Japan	04/12/00	Continued
731-TA-315	Brass sheet and strip	Korea	04/12/00	Revoked
731-TA-380	Brass sheet and strip	Netherlands	04/12/00	Revoked
731-TA-316	Brass sheet and strip	Sweden	04/12/00	Revoked
731-TA-367	Color picture tubes	Canada	04/13/00	Revoked
731-TA-368	Color picture tubes	Japan	04/13/00	Revoked
731-TA-369	Color picture tubes	Korea	04/13/00	Revoked
731-TA-370	Color picture tubes	Singapore	04/13/00	Revoked
731-TA-406	Electrolytic manganese dioxide	Greece	05/09/00	Revoked

Table A-29—Continued
Reviews of existing antidumping duty orders and suspension agreements
completed in 2000, by date of completion

USITC investi- gation number	Product	Country of origin	Completion date	Action
731-TA-408	Electrolytic manganese dioxide	Japan	05/09/00	Revoked
731-TA-538	Sulfanilic acid	China	05/18/00	Continued
731-TA-561	Sulfanilic acid	India	05/18/00	Continued
731-TA-365	Industrial phosphoric acid	Belgium	05/22/00	Revoked
731-TA-429	Mechanical transfer presses	Japan	05/26/00	Continued
731-TA-677	Coumarin	China	05/30/00	Continued
731-TA-392-A	Ball bearings	France	06/26/00	Continued
731-TA-391-A	Ball bearings	Germany	06/26/00	Continued
731-TA-393-A	Ball bearings	Italy	06/26/00	Continued
731-TA-394-A	Ball bearings	Japan	06/26/00	Continued
731-TA-395	Ball bearings	Romania	06/26/00	Revoked
731-TA-396	Ball bearings	Singapore	06/26/00	Continued
731-TA-397-A	Ball bearings	Sweden	06/26/00	Revoked
731-TA-399-A	Ball bearings	United Kingdom	06/26/00	Continued
731-TA-392-B	Cylindrical roller bearings	France	06/26/00	Revoked
731-TA-391-B	Cylindrical roller bearings	Germany	06/26/00	Revoked
731-TA-393-B	Cylindrical roller bearings	Italy	06/26/00	Revoked
731-TA-394-B	Cylindrical roller bearings	Japan	06/26/00	Revoked
731-TA-397-B	Cylindrical roller bearings	Sweden	06/26/00	Revoked
731-TA-399-B	Cylindrical roller bearings	United Kingdom	06/26/00	Revoked
731-TA-392-C	Spherical plain bearings	France	06/26/00	Continued
731-TA-391-C	Spherical plain bearings	Germany	06/26/00	Revoked
731-TA-394-C	Spherical plain bearings	Japan	06/26/00	Revoked
731-TA-344	Tapered roller bearings	China	06/26/00	Continued
731-TA-341	Tapered roller bearings	Hungary	06/26/00	Revoked
AA1921-143	Tapered roller bearings, 4 inches . . and under	Japan	06/26/00	Revoked
731-TA-343	Tapered roller bearings, over 4 inches	Japan	06/26/00	Revoked
731-TA-345	Tapered roller bearings	Romania	06/26/00	Revoked
731-TA-718	Glycine	China	06/30/00	Continued
731-TA-464	Sparklers	China	07/10/00	Continued
731-TA-457-A	Axes and adzes	China	07/18/00	Continued
731-TA-457-B	Bars and wedges	China	07/18/00	Continued
731-TA-457-C	Hammers and sledges	China	07/18/00	Continued
731-TA-457-D	Picks and mattocks	China	07/18/00	Continued
731-TA-636	Stainless steel wire rod	Brazil	07/20/00	Continued
731-TA-637	Stainless steel wire rod	France	07/20/00	Continued
731-TA-638	Stainless steel wire rod	India	07/20/00	Continued

Table A-29-Continued
Reviews of existing antidumping duty orders and suspension agreements
completed in 2000, by date of completion

USITC investi- gation number	Product	Country of origin	Completion date	Action
731-TA-669	Cased pencils	China	07/24/00	Continued
731-TA-528	Pure magnesium	Canada	07/25/00	Continued
731-TA-532	Circular welded non-alloy steel pipe .	Brazil	07/26/00	Continued
731-TA-533	Circular welded non-alloy steel pipe .	Korea	07/26/00	Continued
731-TA-534	Circular welded non-alloy steel pipe .	Mexico	07/26/00	Continued
731-TA-536	Circular welded non-alloy steel pipe .	Taiwan	07/26/00	Continued
731-TA-537	Circular welded non-alloy steel pipe .	Venezuela	07/26/00	Revoked
731-TA-639	Forged stainless steel flanges	India	07/26/00	Continued
731-TA-640	Forged stainless steel flanges	Taiwan	07/26/00	Continued
731-TA-409	Light-walled rectangular tube	Argentina	07/26/00	Continued
731-TA-410	Light-walled rectangular tube	Taiwan	07/26/00	Continued
731-TA-276	Oil country tubular goods	Canada	07/26/00	Revoked
731-TA-277	Oil country tubular goods	Taiwan	07/26/00	Revoked
731-TA-132	Small diameter carbon steel pipe . . .	Taiwan	07/26/00	Continued
731-TA-296	Small diameter standard and rectangular pipe	Singapore	07/26/00	Revoked
731-TA-271	Welded carbon steel pipe	India	07/26/00	Continued
731-TA-252	Welded carbon steel pipe	Thailand	07/26/00	Continued
731-TA-273	Welded carbon steel pipe	Turkey	07/26/00	Continued
731-TA-527	Extruded rubber thread	Malaysia	07/27/00	Continued
731-TA-663	Paper clips	China	07/28/00	Continued
731-TA-539-C	Uranium ¹	Russia	08/07/00	Continued
731-TA-539-E	Uranium	Ukraine	08/07/00	Revoked
731-TA-539-F	Uranium ¹	Uzbekistan	08/07/00	Revoked
731-TA-419	Industrial belts except synchronous and V-belts	Germany	08/18/00	Revoked
731-TA-413	Industrial synchronous and V-belts . .	Italy	08/18/00	Revoked
731-TA-414	Industrial belts	Japan	08/18/00	Revoked
731-TA-415	Industrial V-belts	Singapore	08/18/00	Revoked
731-TA-439	Industrial nitrocellulose	Brazil	08/24/00	Continued
731-TA-441	Industrial nitrocellulose	China	08/24/00	Continued
731-TA-96	Industrial nitrocellulose	France	08/24/00	Continued
731-TA-444	Industrial nitrocellulose	Germany	08/24/00	Continued
731-TA-440	Industrial nitrocellulose	Japan	08/24/00	Continued
731-TA-442	Industrial nitrocellulose	Korea	08/24/00	Continued
731-TA-443	Industrial nitrocellulose	United Kingdom	08/24/00	Continued
731-TA-445	Industrial nitrocellulose	Yugoslavia	08/24/00	Revoked
731-TA-696	Pure magnesium	China	08/31/00	Continued
731-TA-540	Welded ASTM A-312 stainless steel pipe	Korea	09/22/00	Continued

Table A-29-Continued
Reviews of existing antidumping duty orders and suspension agreements
completed in 2000, by date of completion

USITC investi- gation number	Product	Country of origin	Completion date	Action
731-TA-541	Welded ASTM A-312 stainless steel pipe	Taiwan	09/22/00	Continued
731-TA-461	Gray portland cement and clinker ..	Japan	10/20/00	Continued
731-TA-451	Gray portland cement and clinker ..	Mexico	10/20/00	Continued
731-TA-519	Gray portland cement and clinker ¹ ..	Venezuela	10/20/00	Revoked
731-TA-474	Chrome-plated lug nuts	China	10/25/00	Revoked
731-TA-475	Chrome-plated lug nuts	Taiwan	10/25/00	Revoked
731-TA-573	Carbon steel plate	Belgium	11/20/00	Continued
731-TA-574	Carbon steel plate	Brazil	11/20/00	Continued
731-TA-575	Carbon steel plate	Canada	11/20/00	Revoked
731-TA-576	Carbon steel plate	Finland	11/20/00	Continued
731-TA-578	Carbon steel plate	Germany	11/20/00	Continued
731-TA-582	Carbon steel plate	Mexico	11/20/00	Continued
731-TA-583	Carbon steel plate	Poland	11/20/00	Continued
731-TA-584	Carbon steel plate	Romania	11/20/00	Continued
731-TA-585	Carbon steel plate	Spain	11/20/00	Continued
731-TA-586	Carbon steel plate	Sweden	11/20/00	Continued
AA1921-197	Carbon steel plate	Taiwan	11/20/00	Continued
731-TA-587	Carbon steel plate	United Kingdom	11/20/00	Continued
731-TA-604	Cold-rolled carbon steel flat products	Germany	11/20/00	Revoked
731-TA-607	Cold-rolled carbon steel flat products	Korea	11/20/00	Revoked
731-TA-608	Cold-rolled carbon steel flat products	Netherlands	11/20/00	Revoked
731-TA-612	Corrosion-resistant carbon steel flat products	Australia	11/20/00	Continued
731-TA-614	Corrosion-resistant carbon steel flat products	Canada	11/20/00	Continued
731-TA-615	Corrosion-resistant carbon steel flat products	France	11/20/00	Continued
731-TA-616	Corrosion-resistant carbon steel flat products	Germany	11/20/00	Continued
731-TA-617	Corrosion-resistant carbon steel flat products	Japan	11/20/00	Continued
731-TA-618	Corrosion-resistant carbon steel flat products	Korea	11/20/00	Continued

¹ Suspension agreement.

Source: Compiled from data maintained by the Commission.

Table A-30
Reviews of existing countervailing duty orders and suspension agreements
completed in 2000, by date of completion

USITC investi- gation number	Product	Country of origin	Completion date	Action
701-TA-202	Cotton shop towels	Pakistan	01/21/00	Continued
701-TA-297	Steel rails	Canada	01/24/00	Continued
701-TA-A	Carbon steel wire rod	Argentina	01/27/00	Revoked
701-TA-302	Fresh and chilled Atlantic salmon . . .	Norway	02/24/00	Continued
701-TA-267	Top-of-the-stove stainless steel cooking ware	Korea	03/30/00	Continued
701-TA-268	Top-of-the-stove stainless steel cooking ware	Taiwan	03/30/00	Continued
701-TA-269	Brass sheet and strip	Brazil	04/12/00	Continued
701-TA-270	Brass sheet and strip	France	04/12/00	Continued
701-TA-318	Sulfanilic acid	India	05/18/00	Continued
701-TA-286	Industrial phosphoric acid	Israel	05/22/00	Revoked
701-TA-178	Stainless steel wire rod	Spain	07/20/00	Revoked
701-TA-309-A	Alloy magnesium	Canada	07/25/00	Continued
701-TA-309-B	Pure magnesium	Canada	07/25/00	Continued
701-TA-253	Welded carbon steel pipe	Turkey	07/26/00	Continued
303-TA-21	Gray portland cement and clinker ¹ . .	Venezuela	10/20/00	Revoked
701-TA-319	Carbon steel plate	Belgium	11/20/00	Continued
701-TA-320	Carbon steel plate	Brazil	11/20/00	Continued
701-TA-322	Carbon steel plate	Germany	11/20/00	Continued
701-TA-325	Carbon steel plate	Mexico	11/20/00	Continued
701-TA-326	Carbon steel plate	Spain	11/20/00	Continued
701-TA-327	Carbon steel plate	Sweden	11/20/00	Continued
701-TA-328	Carbon steel plate	United Kingdom	11/20/00	Continued
701-TA-340	Cold-rolled carbon steel flat products	Germany	11/20/00	Revoked
701-TA-342	Cold-rolled carbon steel flat products	Korea	11/20/00	Revoked
701-TA-231	Cold-rolled carbon steel flat products	Sweden	11/20/00	Revoked
701-TA-348	Corrosion-resistant carbon steel flat products	France	11/20/00	Continued
701-TA-349	Corrosion-resistant carbon steel flat products	Germany	11/20/00	Continued
701-TA-350	Corrosion-resistant carbon steel flat products	Korea	11/20/00	Continued

¹ Suspension agreement.

Source: Compiled from data maintained by the Commission.

Table A-31
Section 337 investigations and related proceedings completed by the
U.S. International Trade Commission during 2000 and those pending on
December 31, 2000

Status of Investigation	Article	Country¹	Commission determination
Completed:			
337-TA-334	Certain Condensers, Parts Thereof and Products Containing Same Including Air Conditioners for Automobiles	Japan	Advisory opinion proceeding terminated based on finding of no infringement; limited exclusion order rescinded based on settlement agreement.
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Advisory opinion proceeding terminated based on finding of no infringement.
337-TA-395	Certain EPROM, EEPROM, Flash Memory, and Flash Microcontroller Semiconductor Devices and Products Containing Same	Taiwan, Japan	Issued limited exclusion order.
337-TA-406	Certain Lens-Fitted Film Packages	People's Republic of China, Hong Kong, Korea	Bond forfeiture proceeding terminated based on settlement agreement.
337-TA-414	Certain Semiconductor Memory Devices and Products Containing Same	Taiwan	Terminated based on a settlement agreement.
337-TA-419	Certain Excimer Laser Systems for Vision Correction Surgery and Components Thereof and Methods for Performing Same	Japan	Terminated based on a finding of no violation.
337-TA-421	Certain Enhanced DRAM Devices Containing Embedded Cache Memory Registers, Components Thereof, and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-422	Certain Two Handle Centerset Faucets and Escutcheons, and Components Thereof	Taiwan, People's Republic of China	Issued general exclusion order.

See footnotes at end of table.

Table A-31—Continued
Section 337 investigations and related proceedings completed by the
U.S. International Trade Commission during 2000 and those pending on
December 31, 2000

Status of Investigation	Article	Country¹	Commission determination
Completed:			
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondent	Issued general exclusion order and cease and desist order.
337-TA-425	Certain Amino Fluoro Ketone Compounds	Switzerland	Terminated based on a consent order.
337-TA-426	Certain Spiral Grilled Products Including Ducted Fans and Components Thereof	China	Terminated based on withdrawal of complaint.
337-TA-427	Certain Downhole Well Data Recorders and Components Thereof	Canada	Terminated based on a settlement agreement.
337-TA-428	Certain Integrated Circuit Chipsets Components Thereof and Products Containing Same	Taiwan	Terminated based on a settlement agreement.
337-TA-431	Certain Synchronous Dynamic Random Access Memory Devices, Microprocessor, and Products Containing Same	Japan, China	Terminated based on a settlement agreement and withdrawal of complaint.
337-TA-433	Certain Safety Eyewear and Components Thereof	Taiwan	Terminated based on a settlement agreement.
337-TA-437	Certain Synchronous Dynamic Random Access Memory Devices and Modules and Products Containing Same	Korea	Terminated based on withdrawal of complaint.

See footnotes at end of table.

Table A-31—Continued
Section 337 investigations and related proceedings completed by the
U.S. International Trade Commission during 2000 and those pending on
December 31, 2000

Status of Investigation	Article	Country ¹	Commission determination
Pending:			
337-TA-429	Certain Bar Clamps, Bar Clamp Pads, and Related Packaging, Display, and Other Materials	Germany	Pending before the ALJ.
337-TA-430	Certain Integrated Repeaters and Products Containing Same ²	Taiwan	Pending before the ALJ.
337-TA-432	Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same	Japan	Pending before the ALJ.
337-TA-434	Certain Magnetic Resonance Injection Systems and Components Thereof	Japan	Pending before the Commission.
337-TA-435	Certain Integrated Repeaters, Switches, Transceivers, and Products Containing Same ²	Taiwan	Pending before the ALJ.
337-TA-436	Certain WAP-Compatible Wireless Communication Devices, Components Thereof, and Products Containing Same	Japan	Pending before the ALJ.
337-TA-438	Certain Plastic Molding Machines With Control Systems Having Programmable Operator Interfaces Incorporating General Purpose Computers, and Components Thereof	Japan	Pending before the Commission.
337-TA-439	Certain HSP Modems, Software and Hardware Components Thereof, and Products Containing Same	Israel, Taiwan	Pending before the ALJ.
337-TA-440	Certain 4-Androstenediol	China	Pending before the ALJ.
337-TA-441	Certain Field Programmable Gate Arrays and Products Containing Same	Philippines	Pending before the ALJ.
337-TA-442	Certain Closet Flange Rings	Taiwan	Pending before the ALJ.

¹ This column lists the countries of the foreign respondents named in the investigation.

² Investigation No. 430 was consolidated with Investigation No. 435 by the ALJ.

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-32
Outstanding section 337 exclusion orders as of December 31, 2000

Investigation No.	Article	Country¹	Date patent expires²
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-170	Certain Bag Closure Clips	Israel	05/26/01 ³
337-TA-174	Certain Woodworking Machines	South Africa, Taiwan	09/17/01 ³
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Nonpatent
337-TA-197	Certain Compound Action Metal Cutting Snips and Components Thereof	Taiwan	Nonpatent
337-TA-228	Certain Fans With Brushless DC Motors	Japan	09/30/02 ³
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Nonpatent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefor	No foreign respondents	Nonpatent
337-TA-242	Certain Dynamic Random Access Memories, Components Thereof, and Products Containing Same	Japan, Korea	08/06/02 09/24/02

See footnotes at end of table.

Table A-32—Continued
Outstanding section 337 exclusion orders as of December 31, 2000

Investigation No.	Article	Country ¹	Date patent expires ²
337-TA-254	Certain Small Aluminum Flashlights and Components Thereof	Hong Kong, Taiwan	06/06/04 ³
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Such Memories and Processes for Making Such Memories	Korea	12/23/00 06/17/02 ² 06/07/05 ⁵
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 04/07/00 ³
337-TA-293	Certain Crystalline Cefadroxil Monohydrate	Italy, Spain, Switzerland	03/12/02
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	01/13/04 06/19/05 ³
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	09/22/01 01/31/03 12/06/03 ³ 01/27/04 09/22/06 ³
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent 06/22/06 ³ 07/22/06 ³
337-TA-320	Certain Rotary Printing Apparatus Using Heated Ink Composition, Components Thereof, and Systems Containing Said Apparatus and Components	France, Spain	04/30/04 ³

See footnotes at end of table.

Table A-32—Continued
Outstanding section 337 exclusion orders as of December 31, 2000

Investigation No.	Article	Country¹	Date patent expires²
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	10/22/06 ³
337-TA-333	Certain Woodworking Accessories	Taiwan	03/02/08 ³
337-TA-334	Certain Condensers, Parts Thereof and Products Containing Same, Including Air Conditioners for Automobiles	Japan	03/12/08
337-TA-337	Certain Integrated Circuit Telecommunication Chips and Products Containing Same, Including Dialing Apparatus	Taiwan	05/18/01
337-TA-354	Certain Tape Dispensers	Hong Kong, Taiwan	04/07/01
337-TA-360	Certain Devices For Connecting Computers Via Telephone Lines	Taiwan	02/13/07
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	08/21/07 ³ 10/12/08 ³
337-TA-372	Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same	People's Republic of China, Hong Kong, Taiwan	05/20/05 ³
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	01/22/08
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	02/01/11 ³
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	10/05/08 10/05/08 04/28/09 04/28/09

See footnotes at end of table.

Table A-32—Continued
Outstanding section 337 exclusion orders as of December 31, 2000

Investigation No.	Article	Country ¹	Date patent expires ²
337-TA-391	Certain Toothbrushes and the Packaging Thereof	People's Republic of China, Taiwan	08/04/06
337-TA-395	Certain EPROM, EEPROM, Flash Memory, and Flash Microcontroller Semiconductor Devices and Products Containing Same	Taiwan, Japan	09/14/01
337-TA-406	Certain Lens-Fitted Film Packages	People's Republic of China, Hong Kong, Korea	05/23/06 08/08/06 11/28/06 09/04/07 09/04/07 11/27/07 04/05/08 11/05/08 03/07/09 08/10/10 08/13/10 11/01/11 01/10/12 04/18/12 07/25/12
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	People's Republic of China, Taiwan	01/29/02 07/22/03 07/22/03 02/07/06 07/25/06 07/07/15
337-TA-416	Certain Compact Multipurpose Tools	People's Republic of China, Taiwan	07/01/11 10/21/11 10/21/11 10/21/11
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, And Components Thereof	Taiwan, People's Republic of China	05/31/08
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	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-33
U.S. imports for consumption of leading GSP duty-free imports, 2000
(1,000 dollars)

HTS Rank	HTS No.	Description	Total U.S. imports for consumption	Imports of GSP	
				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	32,588,275	3,148,591	2,966,659
2	7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver except necklaces and clasps	3,704,633	1,489,509	526,227
3	2909.19.14	Methyl tertiary-butyl ether. (MTBE)	1,410,559	306,516	299,607
4	7403.11.00	Cathodes and sections of cathodes, of refined copper	1,793,362	1,181,570	226,224
5	2905.11.20	Methanol (methyl alcohol), n. e. s. o. i.	535,522	440,403	217,767
6	8708.70.45	Road wheels for motor vehicles	971,646	221,319	215,054
7	7202.41.00	Ferrosilicon containing more than 3 percent of carbon	211,659	211,512	211,077
8	7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	905,105	244,105	188,700
9	8708.99.67	Parts n. e. s. o. i. for power trains, for tractors and motor vehicles, including special purpose vehicles	2,230,283	219,875	181,275
10	7606.12.30	Aluminum alloy, plates/sheets/strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	927,442	175,145	171,322
11	8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	5,131,893	570,824	152,782
12	1701.11.10	Raw sugar not containing added flavoring or coloring	417,987	368,422	145,889
13	8414.51.00	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W	768,266	135,364	132,109
14	7323.93.00	Stainless steel table, kitchen or other household articles and parts thereof	612,438	134,123	128,213
15	8708.99.80	Parts and accessories n. e. s. o. i. of motor vehicles, n. e. s. o. i.	4,099,316	138,359	122,478
16	6802.93.00	Monumental or building stone & arts. thereof, of granite, further worked than simply cut/sawn, n. e. s. o. i.	390,242	121,000	116,051
17	4823.59.40	Paper and paperboard of a kind used for writing, printing or other graphic purposes, n. e. s. o. i.	558,850	116,017	115,900
18	7202.30.00	Ferrosilicon manganese	169,511	113,986	113,930
19	7615.19.30	Cooking and kitchenware, aluminum, enameled or glazed	286,767	120,895	111,018
20	8708.39.50	Parts and accessories of motor vehicles	1,961,147	111,359	107,409
		Total, above items	59,674,904	9,569,371	6,449,692
		Total, all other	1,140,889,904	16,211,400	9,972,737
		Total, all GSP items	1,200,559,807	25,780,771	16,422,428

Note.— Calculations based on unrounded data. Figures do not include Virgin Island imports. The abbreviation, "n. e. s. o. i.", stands for "not elsewhere specified or included."
Source: Compiled from official statistics of the U.S. Department of Commerce.

Table A-34

U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule, 2000

(Million dollars)

HTS section	Description	Total U.S. Imports for Consumption	Imports of GSP articles	
			GSP-eligible	GSP duty-free
I	Live animals; animal products	15,027	47	37
II	Vegetable products	13,409	910	232
III	Animal and vegetable fats, oils, and waxes	1,384	29	28
IV	Prepared foodstuffs; beverages, spirits; tobacco	20,506	1,582	801
V	Mineral products	121,404	3,465	3,166
VI	Chemical products	70,343	2,049	1,184
VII	Plastics and rubber	29,070	1,519	1,020
VIII	Raw hides and skins, leather, furskins; saddlery; handbags	8,628	647	321
IX	Wood; charcoal; cork; straw and other plaiting materials	15,924	948	569
X	Wood pulp; paper and paperboard	22,254	368	327
XI	Textiles and textile articles	74,613	286	181
XII	Footwear, headgear, umbrellas; artificial flowers	17,475	73	63
XIII	Stone, plaster, cement, asbestos, ceramic and glass articles	11,870	853	685
XIV	Pearls, precious or semi-precious stones; imitation jewelry	29,809	2,278	1,001
XV	Base metals and articles of base metal	56,673	3,695	2,452
XVI	Machinery and appliances; electrical equipment	364,410	4,576	2,563
XVII	Vehicles, aircraft, vessels, transport equipment	185,948	1,214	1,081
XVIII	Optical, photographic, medical, and musical instruments; clocks	40,830	696	304
XIX	Arms and ammunition; parts and accessories thereof	836	37	34
XX	Miscellaneous manufactured articles	45,923	508	375
XXI	Works of art, collectors' pieces and antiques	5,861	-	-
XXII	Special classification provisions	48,365	-	-
Total, above items		1,200,560	25,781	16,422

Note.—Calculations based on unrounded data. Figures do not include Virgin Island imports.

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

Table A-35
U.S. imports for consumption of leading imports under CBERA, 1998-2000
(1,000 dollars)

HTS No.	Description	1998	1999	2000
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	307,542	231,678	223,464
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	57,779	92,456	222,229
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	170,422	173,217	159,702
1701.11.10	Raw sugar not containing added flavoring or coloring	213,234	156,758	134,009
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	68,510	106,092	113,822
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15	55,710	77,027	97,547
8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 volts	57,202	75,099	74,016
2009.11.00	Frozen concentrated orange juice	39,742	30,560	64,025
2207.10.60	Undenatured ethyl alcohol for nonbeverage purposes	33,659	45,115	63,994
7213.91.30	Bars and rods, hot-rolled, not tempered or treated, of iron or nonalloy steel	59,430	77,229	62,228
6210.10.50	Other nonwoven disposable apparel designed for use in hospitals	25,203	32,249	55,844
3903.11.00	Polystyrene, expandable, in primary forms	15,197	33,992	51,123
8516.31.00	Electrothermic hair dryers	39,296	47,722	44,365
8504.31.40	Electrical transformers other than liquid dielectric, having a power handling capacity less than 1 kVA	8,027	10,105	36,588
1701.11.20	Other sugar to be used for the production (other than distillation) of polyhydric alcohols	47,981	78,813	32,224
0202.30.50	Frozen boneless beef, except processed	18,659	24,091	29,344
0807.19.70	Other melons if not entered Jun. 1-Nov. 30	30,189	25,298	28,799
2203.00.00	Beer made from malt	20,314	20,356	27,650
8535.90.80	Electrical apparatus nesoi for switching, protecting, or making connections for electrical circuits, for a voltage exceeding 1,000 V, nesoi	11,152	16,390	24,188
0714.90.10	Fresh or chilled dasheens, whether or not sliced or in the form of pellets	22,542	19,660	22,876
8504.40.95	Static converters (for example, rectifiers), nesoi	1,152	646	22,000
8536.49.00	Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000 volts	24,141	21,930	21,463
3926.90.98	Other articles of plastic, n.e.s.o.i.	18,325	20,896	21,206
0201.30.50	Fresh or chilled boneless beef, except processed	16,823	18,127	21,191
0602.10.00	Unrooted cuttings and slips of live plants	14,792	15,524	20,574
	Subtotal	1,377,023	1,451,029	1,674,470
	All other	1,847,541	1,186,170	961,079
	Total of all commodities	3,224,564	2,637,200	2,635,549

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
U.S. imports for consumption under CBERA, by sources, 1996-2000
(1,000 dollars)

Rank	Source	1996	1997	1998	1999	2000
1	Dominican Republic . .	932,413	1,136,523	1,294,533	820,270	805,251
2	Costa Rica	657,127	746,354	756,579	683,013	601,441
3	Trinidad and Tobago .	184,895	226,244	186,219	217,857	327,917
4	Guatemala	279,768	270,268	268,869	285,349	249,899
5	Honduras	207,289	263,814	236,073	180,152	206,534
6	Jamaica	95,965	74,515	102,178	89,593	87,049
7	Bahamas	20,765	25,132	34,914	56,018	74,451
8	Nicaragua	116,007	135,340	72,694	50,556	57,281
9	El Salvador	91,254	81,799	50,206	59,051	45,636
10	Panama	51,352	81,064	77,453	45,962	42,632
11	Belize	24,760	34,710	19,706	23,057	32,360
12	St Kitts-Nevis	19,241	24,636	25,428	25,617	27,613
13	Haiti	30,223	31,194	28,167	21,914	20,541
14	Grenada	1,007	4,071	8,242	11,486	16,702
15	Guyana	32,285	28,512	24,617	14,706	16,400
16	Barbados	23,089	24,983	20,392	24,632	10,441
17	St Lucia	7,129	5,263	7,802	9,249	7,471
18	Netherlands Antilles . .	4,357	3,862	2,775	1,612	3,624
19	St Vincent and Grenadines	3,580	2,373	3,532	7,195	1,947
20	Dominica	2,204	1,557	1,858	9,497	196
21	Aruba	138	166	1,779	19	128
22	British Virgin Islands . .	631	262	333	364	31
23	Antigua	1,615	522	214	22	4
24	Montserrat	3,962	4,679	0	6	0
	Total	2,791,055	3,207,842	3,224,564	2,637,200	2,635,549

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-37
U.S. imports for consumption under ATPA, by source, 1998-2000
(1,000 dollars)

Rank	Source	1998	1999	2000
1	Peru	632,676	631,180	846,014
2	Colombia	709,889	797,305	826,559
3	Ecuador	233,002	260,301	247,595
4	Bolivia	69,630	61,492	61,464
	Total	1,645,196	1,750,279	1,981,632

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-38
U.S. imports for consumption of leading imports under ATPA, 1998-2000
(1,000 dollars)

HTS No.	Description	1998	1999	2000
7403.11.00	Cathodes and sections of cathodes, of refined copper	200,984	323,788	565,651
3212.90.00	Pigments dispersed in nonaqueous media, in liquid or paste form, used in making paints; dyes and coloring matter packaged for retail sale	39,560	160,939	199,393
0603.10.60	Roses, fresh cut	195,740	182,878	192,420
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	147,339	137,925	121,311
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	70,812	74,569	91,947
1604.14.40	Tuna and skipjack, not in airtight containers	46,114	83,054	74,620
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	64,244	59,352	64,663
2843.30.00	Gold compounds	48,139	56,649	50,118
7901.11.00	Zinc, not alloyed, unwrought, containing 99.99% or more by weight of zinc	24,242	52,001	49,032
7113.19.10	Rope and chain for jewelry, of precious metal except silver	66,107	63,099	44,860
0603.10.30	Miniature (spray) carnations, fresh cut	37,647	40,523	33,673
0709.20.90	Asparagus, fresh or chilled, not reduced in size, not entered Sept. 15-Nov. 15	23,201	26,605	33,412
3921.12.19	Nonadhesive plates, sheets, film, foil and strip, cellular, of polymers of vinyl chloride, combined with textile materials, n.e.s.o.i.	0	0	22,837
1701.11.10	Raw sugar not containing added flavoring or coloring	28,269	399	21,847
7113.19.21	Rope necklaces and neck chains of gold	5,949	12,949	20,700
0804.50.40	Guavas, mangoes, and mangosteens, fresh, if entered during the period from September 1, in any year, to the following May 31, inclusive	8,033	19,214	20,530
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	24,648	25,337	18,302
7306.20.60	Iron or nonalloy steel, seamed, w/ext. diam. 406.4mm or less or o/than circ. x-sect, tubing of a kind used for drilling for oil/gas	7,207	4,036	13,331
4421.90.98	Articles of wood, including pencil slats and others	14,152	15,140	12,927
4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	6,478	9,637	10,532
0709.20.10	Asparagus, fresh or chilled, not reduced in size, entered Sept. 15-Nov. 15	7,492	13,553	9,991
4202.91.00	Leather golf bags, travel bags, sports bags, and cases	13,261	9,378	9,991
1704.90.35	Confections ready for consumption	7,975	9,037	9,971
3904.10.00	Polyvinyl chloride, not mixed with any other substances, in primary forms	998	7,826	9,046
7905.00.00	Zinc plates, sheets, strip and foil	16,769	23,755	8,978
	Subtotal	1,105,361	1,411,643	1,710,082
	All other	539,835	338,636	271,550
	Total of all commodities	1,645,196	1,750,279	1,981,632

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.