United States International Trade Commission

THE YEAR IN TRADE 2001

Operation of the Trade Agreements Program

53RD REPORT

USITC Publication 3510
May 2002

U.S. International Trade Commission

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The Year in Trade 2001
Operation of the Trade Agreements Program

53rd Report

Publication 3510 **May 2002**

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Statistical tables

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 53rd 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 2001. 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 2001. 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–the European Union (EU), Canada, Mexico, Japan, China, Taiwan, Korea, and Brazil. Chapter 5 discusses the administration of U.S. trade laws, regulations, and programs. The final section of the report contains a statistical appendix.

Summary of Trade Agreements Activities in 2001

U.S. trade agreements activities in 2001 included U.S. participation in multilateral negotiations in services and agriculture as mandated by the Uruguay Round

[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.

Agreements; regional negotiations in NAFTA, the FTAA, APEC, and African Growth and Opportunity Act (AGOA); bilateral developments; and the settling or adjudication of various trade disputes. Negotiations on a United States-Chile Free Trade Agreement continued into 2002. Highlights of key trade agreements activities, some of which are discussed in more detail throughout the report, are presented in figure 1-1.

World Trade Organization

In 2001, developments in the World Trade Organization (WTO) centered around the Fourth WTO Ministerial Conference, held November 9 to 14, 2001 in Doha, Qatar. At Doha, trade ministers agreed to expand the scope of negotiations in progress, and to continue to examine other subjects that may be integrated into the current negotiations by a decision of the ministers to be taken at the next ministerial meeting in July 2003. The current negotiations are scheduled to conclude by January 1, 2005, as part of a "single undertaking" where all issues must be agreed upon before any one can be considered finalized.

The negotiations on agriculture and services–underway since February 2000–have settled organizational priorities and completed the first stage of talks, where 125 countries fielded 44 initial proposals by the first stage review session held in March 2001. Negotiations got underway to establish individual geographical indications that would increase intellectual property protection for wines and spirits, following discussions–notably with transition economy countries in Central Europe, among others–over whether to expand the scope of these talks to other products. Geographical indications identify a good with a given quality, reputation, or other characteristic that is essentially attributable to its geographical origin in a particular region, country, or locality. Although closely associated with agriculture–the fundamental concept of geographical indications involves intellectual property rights, which leads to the negotiations being held under the TRIPs Agreement as a consequence.

At Doha, ministers agreed to expand the negotiations involving agriculture, services, and geographical indications, to include market-access negotiations on nonagricultural products aimed at reducing or eliminating tariff and nontariff barriers–including tariff peaks, high tariffs, and products subject to tariff escalation. Ministers also agreed as part of the agenda adopted at Doha to "negotiations aimed at clarifying and improving disciplines under the Agreements on Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives," while taking into account the needs of developing

Figure 1-1
Summary of 2001 Trade Agreement Activities

Date	Event
January	
17	The United States and European Union implement mutual recognition agreement (MRA) sectoral annexes covering trade in telecommunications and electronic products. The MRA eliminates duplicative product testing requirements.
25	Kenya becomes the first African country to be cleared to receive duty- and quota-free benefits for apparel products under the Africa Growth and Opportunity Act.
February	
6	A NAFTA panel determines that the United States must open its borders to Mexican trucks, provided they meet specified safety standards.
26	The European Union approves a plan, known as "Everything But Arms," to offer unrestricted, duty-free access for almost all imports from least developed countries.
March	
3	The United States and Egypt agree on steps to be undertaken by them to establish basis for a free trade and investment framework.
31	The United States-Canadian Softwood Lumber Agreement expires.
April	
11	The United States and the European Union end a longstanding dispute over the EU's banana import regime, agreeing on an arrangement providing transition to a tariff-only system by 2006. The arrangement goes into effect July 1, 2001.
20-22	Western Hemisphere heads of state at the third Summit of the Americas affirm plans to complete FTAA negotiations by January 2005. Leaders also endorse plans for a transparent negotiating process, including publication of the preliminary draft FTAA agreement and increased communication with civil society representatives.
May	
June	
22	The United States and Poland sign a comprehensive trade agreement covering a range of industrial and farm products.
22	United States Trade Representative Zoellick asks the International Trade Commission to investigate whether surging steel imports have seriously injured or threatened the United States industry under Section 201 safeguard provision.
25	The United States and Brazil agree to use newly created consultative mechanism to promote cooperation on HIV/AIDS and address a United States World Trade Organization patent dispute.
30	The United States and Japan agree to "The Regulatory Reform and Competition Policy Initiative" aimed at promoting economic growth in the two countries. The purpose of the initiative is to conduct a new series of discussions on reducing regulations, enhancing competition, and improving market access.

Figure 1-1—*Continued*
Summary of 2001 Trade Agreement Activities

Date	Event
July	
1	EU implements new banana import regime and, as a result, the United States lifts retaliatory duties on $191 million worth of EU products.
3	Public release of preliminary draft of FTAA agreement.
12	The United States publishes regulations implementing legislation authorizing certain agricultural and medical exports to Cuba, Iran, Libya, and Sudan.
August	
3	A NAFTA panel directs Mexico to remove the antidumping duties it had imposed on high-fructose corn syrup from the United States.
7	United States provides enhanced GSP duty-free access for eligible products of India.
20	A World Trade Organization compliance panel report is circulated to Members concluding that the amended United States legislation concerning its foreign sales corporation (FSC) tax is still inconsistent with WTO trade rules. The ruling opens the way for the European Union to request compensation.
23	The World Trade Organization establishes a dispute-settlement panel to rule on whether the "Byrd Amendment" to the United States Tariff Act of 1930 is compatible with multilateral trade rules. Additional complainants lead to this panel being established anew on October 25, 2001.
September	
22	President Bush waives economic sanctions which were imposed on India and Pakistan in 1998 after their detonations of nuclear devices.
24	The United States hosts "four-plus-one" meetings with Argentina, Brazil, Paraguay, and Uruguay on expanding world and regional trade.
24	Trade officials of the United States, El Salvador, Guatemala, Honduras, and Nicaragua discuss opportunities to deepen trade and investment relations between the United States and Central America.
27	The United States, Australia, and New Zealand settle in a World Trade Organization dispute when the United States informs the WTO that the United States safeguard measure on lamb meat imports from Australia and New Zealand will end on November 15, 2001.
28	The implementing legislation for the United States-Jordan Free Trade Agreement (PL 107-43) is signed by President Bush.
October	
15	The United States appeals World Trade Organization ruling on FSC Repeal and Extraterritorial Income Exclusion Act of 2000 tax law.
16	President Bush signs into law the United States-Vietnam Bilateral Trade Agreement, effective December 10, 2001.
18	The United States and Japan announce the creation of a new consultative forum to address bilateral automotive issues.
22	Under action taken in its Section 201 safeguard investigation, the United States International Trade Commission announces affirmative or equally divided injury determinations for 16 of 33 steel product categories established for data gathering purposes and proceeds to remedy phase.

Figure 1-1—*Continued*
Summary of 2001 Trade Agreement Activities

Date	Event
October	
29	At the first annual Africa Growth and Opportunity Act Forum, President Bush announces three trade initiatives for Africa: creation of a new $200 million Overseas Private Investment Corporation investment support facility, launch of the Trade for African Development and Enterprise Program, and establishment of a United States Trade and Development Agency regional office in Johannesburg.
29	The United States signs a Joint Declaration on Electronic Commerce with Nigeria.
29	The United States signs a Trade and Investment Framework Agreement (TIFA) with the Common Market for Eastern and Southern Africa.
30	The U.S. Department of Commerce finds, in a preliminary determination antidumping margins ranging from 5.94 percent to 19.24 percent in the softwood lumber investigation.
November	
1	The United Stated International Trade Commission finds that softwood lumber from Canada is being dumped in the United States.
7	USTR releases draft environmental review of the U.S.-Chile Free Trade Agreement for public comment.
9	The World Trade Organization's Fourth Ministerial Conference opens in Doha, Qatar.
10	Members of the World Trade Organization formally approve China as a member of the World Trade Organization, effective December 11, 2001.
11	Members of the World Trade Organization formally approve Taiwan as a member of the World Trade Organization, effective January 1, 2002.
14	The World Trade Organization Members adopt at their Fourth Ministerial Conference in Doha, Qatar, a work program consisting of: (1) negotiations on agriculture, services, and certain aspects of intellectual property rights, started in 2000 as part of the Uruguay Round Agreements; (2) negotiations to begin in 2002 concerning industrial tariffs, some aspects regarding trade and the environment, and implementation issues (i.e., various difficulties encountered by some developing country members in carrying out WTO agreements); and (3) prospective negotiations possibly beginning after 2003 on subjects such as trade and investment, and trade and competition policy, following their consideration at the Fifth Ministerial Conference.
14	Canada and Mexico sign agreement to cooperate on competition policy and enforcement.
December	
6	The United States House of Representatives votes to renew the trade promotion authority.
14	The United States signs a Framework for Economic Cooperation pact with Thailand. The agreement includes provisions on trade, investment, intellectual property rights protection, agricultural cooperation, scientific and technological cooperation, and transport and telecommunications.

Figure 1-1—*Continued*
Summary of 2001 Trade Agreement Activities

Date	Event
17	The United States-Jordan Free Trade Agreement enters into force.
19	The United States International Trade Commission submits findings and recommendations in its Section 201 safeguard investigation involving steel imports.
December	
24	President Bush signs legislation clearing the way for the administration to impose economic sanctions on Zimbabwe's leadership and to order United States representatives to international financial institutions to try to block aid or debt relief to the country.
27	President Bush announces the formal granting of permanent normal trading status to China.

Sources: *Bureau of National Affairs, International Trade Daily, Inside U.S. Trade*, and press articles including Office of U.S. Trade Representative press releases.

and least-developed country members.[3] Lastly, the ministers agreed to address certain aspects of trade and the environment in the negotiations.

A decision to include additional issues in the current negotiations was deferred until the next ministerial conference, scheduled for July 2003 in Mexico City. These issues deal with subjects such as trade and investment, trade and competition policy, greater transparency in government procurement, and trade facilitation measures.

Finally, an overarching concern of ministers at the Doha conference was how to ensure that a number of developing country members complete implementation of their Uruguay Round commitments, due originally on January 1, 2000. Many of these countries agree that the anticipated benefits of the Round have not yet materialized and that certain developed country members have not effectively implemented WTO commitments to provide the special and differential treatment developing country members need to help them make the necessary adjustments. The Doha Ministerial Declaration consequently included many references to providing developing and least developed country members with technical assistance to overcome this hurdle, and the theme of the Doha Development Agenda was adopted subsequently to underscore this priority focus on technical assistance.

Four new members completed accession negotiations to the WTO in 2001: Lithuania, Moldova, China, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (known in the WTO as Chinese Taipei), the latter delaying its date for formal accession to January 1, 2002. Another 31 states were in various stages of accession at year's end.

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[3] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 28. The WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 is known more commonly as the WTO Agreement on Anti-Dumping Practices, or more simply, the Antidumping Agreement.

Organization for Economic Cooperation and Development

In 2001, the Trade Committee of the Organization for Economic Cooperation and Development (OECD) focused its efforts on trade and economic development issues centered largely on preparations for the prospective launch on a new round of multilateral trade negotiations at the WTO Fourth Ministerial Conference in November 2001. In addition, the OECD Export Credit Group reached agreement on several issues regarding use of officially supported export credits: (1) discouraging award of these credits for nonessential capital goods or projects that merely increase the poorest countries' debt burden without contributing to their social or economic development, and (2) urging environmental impact evaluations for projects awarded such credits.

Regional Trade Initiatives

North American Free Trade Agreement

During 2001, NAFTA partners completed their fourth round of accelerated tariff elimination, which was implemented on January 1, 2002 on $25 billion worth of NAFTA trade. Trade ministers continued working towards liberalization of the NAFTA rules of origin. Twenty-four petitions were filed at National Administrative Offices (NAO) since January 1, 1994, sixteen of which were filed with the U.S. NAO alleging labor violations. The Commission for Environmental Cooperation distributed 17 research grants totaling $400,000 in 2001. Six binational panels were formed in 2001 under Chapter 19 of the NAFTA . Five of the six Chapter 19 cases submitted to NAFTA binational panels in 2001 were active by January 1, 2002. The cases all relate to U.S. agencies' determinations on products from Mexico. Two NAFTA Chapter 19 binational panels issued decisions in 2001. A panel decision was issued on August 3, 2001, against a dumping determination by the Mexican Secretaria de Economia regarding imports of high-fructose corn syrup originating in the United States. A NAFTA Chapter 20 arbitral panel decision was issued on February 6, 2001, against the United States regarding Mexican cross-border trucking services and investment.

Free Trade Area of the Americas

Negotiations for the FTAA continued during 2001. At the Third Summit of the Americas, held in Canada April 20-22, 2001, the heads of state of the FTAA countries confirmed their intention to conclude FTAA negotiations no later than January 2005, and to seek entry into force of the agreement as soon as possible thereafter, but no later than December 2005. The ministers also agreed to make available to the public the consolidated draft text of the FTAA agreement. This was done on July 3, 2001.

In addition to FTAA negotiations, the United States also participated in negotiations for a U.S.-Chile Free Trade Agreement (FTA). Bilateral negotiations with Chile were launched on December 6, 2000. Formal negotiations began in Washington, D.C., on December 6, 2000, and continued throughout 2001 and early 2002.

Asia-Pacific Economic Cooperation

In 2001, China held the chairmanship of APEC and hosted the Leaders' and Ministerial meetings during October 17-21 in Shanghai. Following the September 11 terrorist attacks, APEC agreed to combat terrorism through an enhanced liberalization drive. APEC officials also endorsed the launch of a new trade liberalization round at the World Trade Organization. Leaders noted that they intended to adopt pro-growth fiscal and monetary policies. In addition, they noted the importance of APEC's work towards more open and stronger economies. The Leaders welcomed the progress that APEC has made in advancing Ecotech goals. In the area of e-commerce, in 2001 APEC made progress in formulating and delivering a long-term, forward-looking strategy for the new economy. Mexico will host APEC's 14th Ministerial Meeting in 2002.

African Growth and Opportunity Act

The first U.S.-sub-Saharan Africa Trade and Economic Cooperation Forum was held in Washington, D.C., during October 29-30, 2001. The Forum was hosted by the Secretaries of State, Treasury, and Commerce, and the U.S. Trade Representative. Trade, Foreign Affairs, and Finance Ministers from 35 AGOA-eligible sub-Saharan African countries participated, along with representatives from African regional organizations. The President addressed the Forum, which he established on May 16, 2001, to complement the African Growth and Opportunity Act. Delegates discussed a broad range of issues including further measures the United States and sub-Saharan Africa countries can jointly take to stimulate economic growth and trade, enhance democracy and good governance, and combat HIV/AIDS. During the two-day forum, U.S. Trade Representative Zoellick signed a U.S.-Nigerian Joint Declaration on Electronic Commerce, and a Trade and Investment Framework Agreement (TIFA) between the United States and the Common Market for Eastern and Southern Africa (COMESA). By the end of 2001, 35 countries had met the requirements for eligibility for preferential tariff treatment under AGOA.

Bilateral Trade Relations

European Union

The United States and the EU continued to address an active trade agenda in 2001. In April, the two sides settled the longstanding dispute over the EU's banana import regime, and the United States lifted retaliatory duties on imports from the EU. U.S. and EU officials also signed a Mutual Recognition Agreement covering marine safety equipment and made progress developing guidelines for regulatory cooperation. However, problem areas remained. The United States complained that U.S. exports to the EU were being adversely affected by an EU moratorium on approvals for agricultural biotechnology products and would be further limited if proposed new EU regulations on labeling and traceability of biotech products were implemented. Also, in possibly the most significant of the current U.S.-EU disputes, the WTO dispute-settlement process continued throughout the year in response to an EU complaint that U.S. tax rules governing foreign sales corporations (FSCs) are a prohibited export subsidy. The United States repealed the FSC rules and enacted the Extraterritorial Income Exclusion Act of 2000 (ETI), but in August 2001, the WTO found the ETI to be WTO-incompatible, and the United States appealed the finding. Finally, at the end of the year, the EU warned that it would respond should the United States impose additional tariffs on imported steel in 2002 as a result of the Commission's affirmative determination in the section 201 global safeguard investigation.

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 the NAFTA in 1994. The bilateral phaseout of duties under CFTA/NAFTA was completed on January 1, 1998.

The year 2001 was marked by the expiration of a bilateral agreement covering trade in softwood lumber, negotiated in 1996 for a 5-year period. The U.S.-Canada Softwood Lumber Agreement expired on March 31, 2001. Immediately upon expiration, a coalition of domestic industry softwood lumber interests filed petitions alleging injurious unfair trade practices in the form of dumping and subsidization of Canadian softwood in the United States. While no other issue captured bilateral attention to the same extent, other issues addressed during the year included trade in wheat, and the elevation of an ongoing dairy products dispute with Canada to the WTO.

Mexico

At the end of 2001, the long-standing dispute about access of Mexican trucks to U.S. highways was all but resolved. On December 18, 2001, President Bush signed into law a transportation spending bill containing measures that make it possible for Mexican trucks to apply for entry into the United States. Previously, on February 6, 2001, a NAFTA arbitration panel ruled that the United States must open its borders to Mexican trucks, provided they comply with U.S. safety standards. Mexican trucks are expected to begin crossing the U.S. border, once operating regulations for them are in place.

Less progress was made during 2001 in the dispute over Mexican access to the U.S. sugar market, and U.S. access to the Mexican high-fructose corn syrup (a sweetener) market. Mexico continued to claim that under NAFTA it is entitled to export its sugar surplus, some 450,000 to 500,000 metric tons, to the United States, free of duty. Meanwhile, the FY 2001/02 U.S. sugar quota limits Mexico to 137,780 metric tons. In the case of antidumping duties imposed by Mexico on U.S. sweeteners, both the WTO and NAFTA ruled in favor of the United States during the year. At year-end, the United States and Mexico agreed to negotiate an integrated solution to the sugar and sweetener issues.

Japan

Few bilateral issues existed between the United States and Japan in 2001. The major trade discussions between the two countries focused on autos and auto parts and a new agreement entitled "U.S.-Japan Economic Partnership for Growth." The negotiations on autos centered on extending the auto and auto parts agreement, which expired at the end of 2000. Following several rounds of talks, a new consultative group was created to handle future market access issues for autos and auto parts. The other major bilateral topic during 2001 was the creation of the U.S.-Japan Economic Partnership for Growth to discuss a wide range of global, regional, and bilateral economic and trade issues.

China

Fourteen years after applying for readmission to the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), the People's Republic of China completed all bilateral and multilateral negotiations, and on December 11, 2001, became the 143rd member of the international trading body. With China in the WTO, the United States continues to closely monitor the U.S.-China trade relationship. This effort includes technical assistance programs for Chinese business leaders and government trade authorities to increase knowledge and understanding of WTO rules and commitments. In addition, the U.S. government is using an interagency approach to measure and ensure Chinese compliance with its many WTO commitments.

Taiwan

The WTO members formally approved an agreement on the terms of accession for the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu (Chinese Taipei) on November 11, 2001, at the WTO Ministerial Conference in Doha, Qatar. Noting that Taiwan is the 16th largest economy in the world, President Bush predicted an expansion of world trade and economic growth, but observed that Taiwan that it "faces challenges in implementing its WTO commitments."[4] The United States welcomed the accession of Taiwan to the WTO, but continued to push Taiwan on several trade-related issues, the most significant being that of IPR enforcement.

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[4] The White House, Office of the Press Secretary, "President Welcomes China, Taiwan into the WTO," press release, Nov. 11, 2001.

Korea

U.S.-Korean trade relations were again calm in 2001, reflecting the continued relaxation of trade frictions in recent years. There was one major bilateral trade issue involving the United States and Korea in 2001. In January, the WTO Dispute Settlement Body (DSB) adopted the findings and recommendations with regard to Korea's imports of beef reported by the WTO Appellate Body in December 2000. The appellate body findings stemmed from a dispute-settlement panel report of July 2000. On September 10, Korea brought its beef marketing system into compliance with the Appellate Body recommendations, ending its system of separate stores for domestic and imported beef.

Brazil

The U.S.-Brazilian bilateral trading relationship was enhanced during 2001 with the creation of a bilateral consultative mechanism on trade and investment. The mechanism was created to institutionalize the bilateral trade dialogue and resolve outstanding bilateral conflicts. The first meeting under the consultative mechanism, held July 19-20, 2001, addressed multilateral issues such as priorities for the WTO Doha ministerial meeting, regional issues such as the FTAA and Western Hemisphere regional trade negotiations, and bilateral issues including Brazilian concerns about U.S. policies with respect to trade in steel and U.S. concerns about drug patent protection in Brazil.

Administration of U.S. Trade Laws and Regulations

The following developments in U.S. trade programs occurred during the year 2001:

- The USITC completed one investigation under the U.S. global safeguard law (section 201) in 2001, with respect to imports of certain steel products, and made affirmative determinations (or was equally divided in its determinations) with respect to 16 of 33 steel product categories established for data gathering purposes and made negative determinations with respect to the remaining 17 steel product categories. At the end of the year, the United States had two global safeguard measures in place, on imports of steel wire rod and welded line pipe.
- The U.S. Department of Labor instituted 2,278 worker adjustment assistance investigations during FY 2001, a 65 percent decline over the number instituted in FY 2000. During FY 2001, 1,736 certifications were issued covering 200,243 workers. In addition, 1,307 petitions were filed under the U.S. NAFTA-related transitional adjustment assistance program for workers, an increase from the previous fiscal year. During FY 2001, 558 certifications were issued, covering 78,974 workers. The U.S. Department of Commerce certified 179 firms as eligible to apply for trade adjustment assistance during FY 2001, a slight decrease from the number in FY 2000.

- Following final affirmative determinations by the Commission and the U.S. Department of Commerce, 31 new antidumping orders and six new countervailing duty orders were issued in 2001.
- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications fields. During 2001, there were 38 active section 337 investigations and ancillary proceedings, 27 of which were instituted in 2001. The Commission concluded 13 investigations and ancillary proceedings under section 337, including one remand relating to a previously concluded investigation. Exclusion orders were issued in two investigations. One investigation was terminated on the basis of a consent order and five investigations were terminated on the basis of settlement agreements.
- The USTR initiated one new section 301 investigation covering Canadian wheat in 2001. The USTR identified Ukraine a priority foreign country under the "special 301" provisions of the section 301 law due to its denial of adequate and effective protection of intellectual property rights (IPR). In 2001, the active cases under the section 301 law concerned the EU's banana import regime, the practices of the Canadian Wheat Board, and intellectual property protection in Ukraine.
- In January 2001, USTR announced the acceptance of petitions to review the GSP status of Brazil, Pakistan, and Russia and the termination of the worker rights review of Swaziland and the intellectual property rights review of Moldova. Also, in January, USTR announced a review as to whether to modify GSP duty-free treatment to certain imports from India. In June 2001, the President proclaimed certain modifications to the GSP implementing decisions made in regard to various reviews. In August, the President suspended Ukraine's GSP eligibility, in part, and announced the effective date of the redesignation of India's GSP eligibility for certain articles.
- As of April 23, 2002, 17 countries of sub-Saharan Africa met the requirements and were designated as AGOA beneficiary countries.

The International Economic Environment and World Trade in 2001

International Economic Environment

During the 1990s, the U.S. economy enjoyed one of its most prosperous periods. Strong and rising growth in real GDP, declining and then very lower employment rates, and a low, stable core inflation rate characterized the long expansion. Although growth moderated in the second half of 2000, the economy remained strong, the unemployment rate low, and the core inflation rate slow.

Several factors contributed to a deceleration in economic growth during 2000 and 2001 from the very high growth levels of preceding years: the decline in stock market wealth, the spike in energy prices, an increase in interest rates, a decline in the high-technology sector, and the lingering effects of preparations against the threat of a year-2000 Y2K computer bug. Energy prices surged in 1999 and 2000, reaching extremely high levels at the start of 2001. The economic aftermath of the terrorist attacks in September and the subsequent precipitous decline in consumer and business confidence late in 2001 were sufficient to tip the nation into its seventh recession since 1960.[5]

Consequently, economic prospects for 2001-02 for almost all regions were reduced, reflecting a variety of factors, including the greater-than-expected impact of the slowdown in a number of regions; a delayed recovery in the United States; weakening growth in domestic demand, and diminished confidence in Europe; the prospects of continued slower growth in Japan; the continued decline in information technology spending, which affected Asia in particular; and deteriorating financing conditions for emerging markets, especially in Latin America. Table 1-1 shows projections of economic indicators of the United States and selected U.S. trading partners for 2001, as well as 2002.

In the Organization for Economic Cooperation and Development (OECD) area, several factors brought growth to a standstill by the middle of 2001, in particular, the severe correction in the high-tech sector and the lagged impact of the rise in oil prices. The terrorist attacks of September 11 and the associated disturbances inflicted a severe shock to the world economy. Thus, OECD-wide output was estimated to contract slightly in the second half of 2001, for the first time in 20 years, and was projected to remain very weak in the first half of 2002.[6]

In response to the terrorist attacks and subsequent economic contractions, many countries, especially the United States, have eased macroeconomic policies. This easing, along with the gradual abatement of oil prices and of other shocks that have contributed to the slowdown, may help support economic activity and confidence in the future. However, substantial uncertainties and risks persist. The terrorist attacks have also increased uncertainty and the challenges facing policymakers regarding how to best limit these downside risks while promoting an orderly resolution of the imbalances in the global economy.

In 2001, global growth was projected by the International Monetary Fund (IMF) at 2.4 percent and is expected to remain at about that level in 2002. The volume of world trade in goods and services was projected to grow by 1.0 percent in 2001 and by 2.2 percent in 2002 following a growth rate of 12.4 percent in 2000. Among the advanced economies, the IMF projects growth in the United States at 1.0 percent in 2001, and 0.7 percent in 2002, with activity expected to begin to pick up modestly as the effects of previous policy easing take hold. In contrast, the Council of Economic

[5] *Economic Report of the President*, Feb. 2002, pp. 36-37.

[6] On average, real GDP in the OECD area could grow by 1 percent in 2002. Area-wide unemployment is expected to increase well into 2002, before retreating slightly. Inflation is projected to remain low in part due to moderate oil prices. *OECD Economic Outlook, Preliminary Edition*, 70, Nov. 2001, p. 5.

Table 1-1
Comparative economic indicators of the United States and specified major trading partners, projections, 2001-02

Country	Real GDP		Inflation rates[1]		Unemployment rates[2]		Governments' budget balances[3]		Merchandise trade balances		Current account balances[4]	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
	Percent change from previous period						*Percent of GDP*		*Billion dollars*		*Percent of GDP*	
Major traders:												
United States	1.1	0.7	2.1	1.2	4.8	6.2	0.6	-1.1	–466.6	-409.2	-4.1	-3.9
Canada	1.4	0.8	2.6	1.3	7.3	7.8	2.8	2.1	48.3	40.4	3.7	2.5
Japan	-0.7	-1.0	-1.6	-1.4	5.0	5.5	-6.4	-6.7	73.8	98.9	2.1	2.9
Germany	0.7	1.0	1.4	1.1	7.5	8.1	-2.5	-2.5	77.3	86.5	-0.7	-0.4
United Kingdom	2.3	1.7	2.4	2.5	5.1	5.3	1.1	0.0	-50.2	-53.5	-1.8	-2.0
France	2.0	1.6	1.7	1.8	8.9	9.4	-1.5	-1.8	3.4	7.6	1.6	1.8
Italy	1.8	1.2	3.0	2.8	10.0	10.2	-1.4	-1.1	18.1	24.0	0.1	0.6
European Union	1.5	1.2	2.7	1.4	7.8	8.1	-0.7	-1.0	68.7	88.7	-0.2	0.0
Mexico	0.0	1.5	6.5	5.0	2.5	2.6	N/A	N/A	-9.8	-12.0	-3.0	-3.3
Total OECD	1.0	1.0	2.9	2.3	6.5	7.2	.5	.4	-235.2	-182.4	-1.2	-1.0
China	7.4	7.2	1.0	1.4	NA	NA	-2.4	-2.3	NA	NA	0.9	0.2
Hong Kong	-0.3	1.0	-1.5	-	5.1	5.9	N/A	N/A	-20.0	20.5	6.6	7.5
Malaysia	0.3	2.5	1.5	1.8	NA	NA	NA	NA	NA	NA	7.5	5.1
Republic of Korea	2.6	3.2	4.3	2.0	3.9	4.3	5.7	5.1	13.8	15.5	2.2	2.3
Singapore	–2.9	1.2	1.0	1.4	4.5	4.2	N/A	N/A	NA	NA	4.5	4.2
Taiwan	-2.2	0.7	-0.1	0.3	5.1	5.0	n/A	N/A	9.8	14.4	2.5	2.6
Thailand	1.5	2.0	1.7	1.1	NA	NA	NA	NA	NA	NA	4.7	4.0

[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.–2001 and 2002 data are projections of the IMF and OECD; however, GDP, inflation, unemployment rates, and merchandise trade balance for the United States in 2001 are actual. N/A= not available.

Source: OECD, *World Economic Outlook*, vol. 68, Dec. 2001, Annex table 1; IMF, *World Economic Outlook,* Dec. 2001; and official statistics of the U.S. Department of Commerce.

Advisers forecasts growth rates of real GDP at -0.5 percent in 2001 and 2.7 percent in 2002, consumer prices to rise by 2.0 percent in 2001, and by 2.4 percent in 2002, and the unemployment rate to rise to 4.8 percent in 2001 and 5.9 percent in 2002.[7] More recently released GDP figures by the U.S. Department of Commerce show the GDP annual growth rate for 2001 at 1.2 percent.

The Council of Economic Advisers expects that the U.S. economy will recover in 2002. The economy continues to display characteristics favorable to long-term growth: productivity growth remains strong, and inflation remains low and stable. Real GDP is expected to pick up early in 2002. The pace is expected to be slow initially, followed by an acceleration thereafter; over the four quarters of 2002 real GDP is expected to grow at 2.7 percent.[8] The outlook for other industrial countries has also weakened more significantly.[9] In the European Union area, the IMF projected growth at 1.7 percent in 2001, and at 1.3 percent in 2002, driven by a sharp weakening in domestic demand growth, particularly in Germany, and the greater than expected impact of the global slowdown. For Japan, GDP is projected by the IMF to decline by 0.4 percent in 2001 and by 1.0 percent in 2002. Defining recession as two quarters of negative real GDP growth, Japan is now likely experiencing its fourth recession of the past decade.

Growth prospects for most developing and transition economies have also deteriorated. Growth has been markedly down in the Western Hemisphere, where activity has been adversely affected by the renewed financial difficulties in Argentina, as well as political uncertainties and other shocks, including the energy crisis in Brazil. Capital inflows to most countries, except Mexico, have also slowed, a recent concern, given the region's large external financing requirements. In emerging Asia, growth in China remains resilient, but many countries have been hard hit by slowing global growth and the downturn in the electronic cycle, with the impact exacerbated by intra-regional trade linkages and developments in Japan's economy.

The IMF baseline projections, of U.S. GDP growth of 1.0 percent for the year 2001 as a whole, and 0.7 percent in 2002 could–if accompanied by improved growth performance in other major countries and an orderly depreciation of the U.S. dollar–be consistent with a gradual reduction in the current account deficit to more sustainable levels, accompanied by a steady improvement in the household savings ratio. However, there are also significant downside risks, generally stemming from interrelated uncertainties about the extent of overinvestment in the economy, the medium-term outlook for productivity growth, and the robustness of household balance sheets, confidence, and consumer spending. The September 11 terrorist attacks will have a short-term effect on activity, and clearly have exacerbated risks with respect to confidence and consumer spending.

U.S. macroeconomic policies have been significantly eased. Since the beginning of 2001, the Federal Reserve has reduced interest rates by 4.0 percent, accompanied by other measures to ensure adequate liquidity in financial markets for settlement of financial transactions. Fiscal policy has also been eased, initially by the

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[7] *Economic Report of the President*, Feb. 2002, p. 53, table 1-1.
[8] Ibid., pp. 52-53.
[9] IMF, *Prospects and Policy Challenges*, p.6.

implementation of a tax cut package in mid-year and by the recent approval of an emergency $40 billion spending package following the terrorist attacks.

The macroeconomic stimuli is expected to support activity in the coming period, allowing demand to recover modestly by the end of the year. However, confidence has been further shaken by the terrorist attacks, exacerbating risks that the pace of recovery may be slowed by lagged effects on consumption due to the decline in equity markets valuations over the last year. These effects could possibly be offset in part by rising house prices–as well as the need to work off past overinvestment in the technology sector.

As in most other industrial countries, inflation has risen in the United States, mainly due to higher energy costs, though the personal consumption deflator has remained relatively muted. At the same time, the combination of weakening productivity as activity slowed and a pickup in employment costs have led to a sharp rise in unit labor costs since mid 2000. According to the U.S. Bureau of Labor Statistics, productivity, on an annual average basis, rose by 1.8 percent in both the business and nonfarm business sectors in 2001. This was the smallest annual productivity gain since 1995.[10] With energy prices declining during 2001, product markets remaining highly competitive, and with activity slowing, the risks of sustained inflationary pressures appear relatively modest at the present juncture. Such pressures could become more of a concern, however, if underlying productivity growth–which has played a key role in absorbing wage increases in recent years–were to slow sharply, especially if accompanied by sharp downward adjustments in the U.S. dollar which would boost import prices.[11]

During the third quarter of 2001, the dollar depreciated 7.3 percent against the euro, and 4.1 percent against the yen. On a trade-weighted basis, the dollar ended the quarter 2.6 percent lower. Shifting expectations about the pace of U.S. economic recovery influenced changes in the exchange value of the dollar. The terrorist attack on September 11 heightened the pre- existing concerns about the weakness of the U.S. economy and lent further momentum to the general trends that prevailed earlier in the quarter. U.S. monetary authorities did not intervene in the foreign exchange markets during this quarter. After the terrorist attacks, and to provide dollar liquidity, the Federal Reserve established thirty-day reciprocal swap arrangements with the European Central Bank (ECB) and the Bank of England and temporarily augmented its existing swap facility with the Bank of Canada.[12]

Canada

In Canada economic growth was projected by the IMF to be as low as 1.4 percent in 2001 and 0.8 percent in 2002, with the outlook largely reflecting Canada's close trade

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[10] U.S. Bureau of Labor Statistics, USDL 02-64, Feb. 6, 2002.

[11] IMF, *World Economic Outlook*, Oct. and Dec. 2001.

[12] *Federal Reserve Bulletin*, Dec. 2001, Treasury and Federal Reserve Foreign Exchange Operations.

and financial linkages with the United States. Household spending has remained relatively robust, underpinned by tax cuts earlier in the year and generally firm labor market conditions, while business investment, especially in machinery and equipment, has declined sharply. Imports have also fallen, more than offsetting a decline in exports and propelling the current account position to a record surplus. In addition, with Canada's fiscal surplus remaining the largest among the G-7 countries, the automatic stabilizers should work fully during the current slowdown. Economic activity is expected to increase in 2002 supported by a strengthening in the United States and easier monetary conditions, following the Bank of Canada's lowering official interest rates by 3.5 percentage points in 2001.[13]

Europe

In the euro area,[14] the slowing in growth that began in the second half of 2000, most markedly in Germany, has continued and spread more widely in 2001. The slowdown appears to have been driven by weakening domestic demand growth, resulting in part from higher food and oil prices, which have squeezed real incomes; downturns in equity markets and the technology sector, in particular, communications; and, in some countries, weakening employment growth. On the external side, exports of goods have slowed in response to weaker global demand both in the United States and Asia, and import growth has also turned down sharply. The euro weakened in the first half of 2001 and moved close to a record low against the U.S. dollar, before firming since July. The reasons for the euro's persistent weakness seems to be differences in economic performance in the euro area and the United States. Portfolio adjustments as a result of the advent of the euro have played an important role.

On the fiscal side, the structural balance in the euro area is expected to remain broadly constant, with fiscal stimulus in some countries offset by tightening elsewhere. Actual fiscal balances are expected to weaken reflecting slowing growth.

The relatively low growth performance of the euro area, with the unemployment rates seemingly stabilizing at about the 8 percent mark, points to the need to boost productive potential through a reinvigorating of the structural reform effort. Although important reforms have been made, a substantial unfinished agenda remains, including reforming labor markets, especially tax and benefit systems, and linking wages more closely to productivity; promoting effective integration of EU capital markets, together with strengthening mechanisms for financial crisis management; and ensuing effective competition.[15]

Some divergences in economic developments in individual euro-area economies underlie these trends. Among the three largest economies (United States, Japan, and Germany), gross fixed investment has weakened sharply, particularly in Germany,

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[13] IMF, *World Economic Outlook*, Oct. and Dec. 2001

[14] The euro area consists of Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.

[15] Ibid., pp. 25-27.

where construction activity has fallen off significantly. In Italy, a buildup of inventories led to a relatively strong growth in the first quarter. The French economy appeared to be holding up relatively well against the global slowdown, supported by tax cuts and ongoing employment growth. However, with consumer and business confidence having fallen significantly, and unemployment recently moving up, the pace of activity has weakened and is expected to be similar to Germany and Italy during the second half of 2001 and 2002. Against this background, euro-area GDP growth is projected by the IMF to average 1.5 percent in 2001 and 1.2 percent in 2002. But the downside risks have been increased by the September 11 terrorist attack, particularly if the global recovery is slower than expected or consumer confidence continues to weaken. The oil and food price shocks that have dampened domestic demand have also led to a rise in overall inflation.[16] Core inflation rose 2.7 percent in 2001. However, some of the forces driving inflation, notably higher energy and food prices, appeared to be dissipating, and with demand pressures also easing, inflation is expected to fall below 2.0 percent to 1.4 percent in 2002. The scope of monetary policy flexibility will also depend on prospects of wage moderation as well as developments in exchange rates.

Latin America

In Latin America, following a strong recovery in 2000, GDP growth was projected by the IMF to decline to 1.7 percent in 2001. Growth projections have been revised downwards for most countries, reflecting the increasing impact of the global economic slowdown, particularly for Mexico and Chile, the economic difficulties in Argentina, which have adversely affected a number of neighboring countries, and political uncertainties and the energy crisis in Brazil. Reflecting these developments, capital flows to the region weakened in the first half of the year, and with the important exception of the Mexican peso, most regional currencies were under downward pressures. As the crisis deepened in Argentina from early June 1991, accompanied by signs of contagion within the region, these pressures have significantly increased. Prospects remain very fragile, particularly following the September 11 terrorist attacks on the United States and the associated possibility of increasing capital flight to quality in financial markets.

In many Latin American countries the central vulnerability remains high external-financing requirements, typically linked to a large public sector deficit and high public debt. With a substantial share of public debt denominated in foreign exchange, and in some cases a considerable proportion being short term, depreciating exchange rates and higher interest rates, along with slowing growth, have put additional pressures on fiscal positions across the region. Given the need to maintain external confidence, most countries have little scope to allow easing of monetary and/or fiscal policy. Some will need to tighten the underlying stance of fiscal policy to avoid adverse debt dynamics. At the same time, with exchange rates

[16] *IMF World Economic Outlook*, Oct. 2001, pp. 22-25.

weakening, the scope for monetary easing is in several cases also constrained. This will add to pressures on activity and exacerbate the already high level of unemployment across the region.

Developments in the region have been overshadowed by events in Argentina. Following the crisis in November 2000, economic conditions temporarily improved, but sentiments deteriorated sharply once again in March 2001. A further weakening of the fiscal position, political turmoil, and renewed concerns about Argentina's high external-financing requirement also affected neighboring countries. The deteriorating situation in the region, and particularly the depreciation of the Brazilian *real*, in turn adversely affected Argentina. In response, the Argentinian authorities further strengthened their program through revenue and expenditure measures designed to bring the fiscal deficit back on track along with a series of initiatives to boost productivity and competition. In late June, a package of tax reforms and trade measures resulted in a modest effective depreciation of the peso for non-energy trade and linked the value of the peso for non-energy trade to a basket of the U.S. dollar and the euro.

Following a strong recovery from the 1998-99 recession, Brazil was buffeted by a series of adverse shocks in the first half of 2001, including contagion from Argentina, political uncertainties, and the emergence of a serious energy crisis requiring stringent electricity rationing. Output fell in the second quarter. External confidence also weakened slowing capital inflows, and the *real* depreciated steadily, putting upward pressures on inflation. In response, the authorities raised interest rates and undertook additional foreign borrowing to boost reserves and support the currency. As these pressures increased and the *real* plummeted to new lows against the U.S. dollar, the authorities further tightened fiscal and monetary policies.

In Mexico, the possibility of further weakening continues because of the economy's vulnerability to further weakening of activity in the United States. Through the first three quarters of 2000, with growth running over 7.0 percent, the central policy concern was to avoid overheating. However, GDP and domestic demand growth have since weakened markedly as the growth of exports to the United States, which accounts for 25 percent of GDP, declined sharply. With GDP having fallen in the first two quarters of 2001, output growth is projected by the IMF to decline to under 1.0 percent for the year as a whole, recovering thereafter in tandem with activity in the United States. The current account deficit is expected to decline to 3.0 percent of GDP in 2001, but capital inflows remain strong–reflecting the impact of the North American Free Trade Agreement (NAFTA) on direct investment. Correspondingly, the peso appreciated significantly and inflation pressures declined, providing room for monetary policy easing.[17]

In Chile, growth has slowed and the outlook remains vulnerable to further slowing in the global economy. Concerns about external financing are lower than elsewhere in

[17] Ibid., pp. 30-31.

the region. The authorities have lowered interest rates, and the new practice of targeting the structural fiscal balance will allow the automatic stabilizers to function. However, the recent depreciation of the peso may constrain monetary policy easing in the future.

In Ecuador, growth is expected to strengthen, aided by the construction of a new oil pipeline; and inflation has continued to decline as dollarization takes hold. Further action, however, is needed to address banking sector weaknesses, which remains an important source of vulnerability.

In Venezuela, growth has also remained well sustained, but has been heavily dependent on rapid public expenditure growth, financed by buoyant oil revenues. With weak private investment and business confidence, and large capital outflows persisting, the economy remains vulnerable to lower oil prices.

In Colombia, growth is expected to weaken owing to lower coffee prices and weaker-than- expected investment. The stance of macroeconomic policies appears generally prudent, but much continues to depend on progress with the peace process and maintaining the pace of structural reform.

In Peru, growth has slowed sharply, mainly reflecting political uncertainties. The key challenge facing the government is to restore confidence in a difficult external environment, through prudent macroeconomic policies and accelerated reforms, notably privatization.

Asia

In Asia, the outlook in 2001 continued to deteriorate. According to the IMF, from mid-2000 industrial production and exports slowed sharply, driven by the global slowdown, especially in the high technology sector, and more recently by weakening growth in Europe and Japan.[18] Following earlier shocks, including higher oil prices, political uncertainties, and in some cases weakening confidence as a result of lagging structural reforms, growth prospects have declined further for most of the newly industrialized countries and members of the Association of South East Asian Nations (ASEAN). These shocks have been accompanied by a decline in stock markets, capital outflows, and periodic pressures on exchange rates.

Looking forward, the IMF projects growth in most Asian countries to pick up in 2002, supported by an upturn in global activity and in the electronics cycle; and it is encouraging that foreign direct investment commitments continue to hold up well. However, the outlook has important risks, particularly given the increased global economic and financial market uncertainty following September 11, a lagging recovery in the technology sector, and the weakening outlook for Japan.

[18] Ibid., p. 31.

The economic slowdown has continued to be steepest among the newly industrialized economies: Malaysia, Hong-Kong SAR, Singapore, Korea, and Taiwan. Export growth in all has turned down sharply accompanied by a rapid decline in industrial production. These developments have been exacerbated by slowing domestic-demand growth driven by declining consumer and business confidence, and in some cases linked to banking and corporate sector weakness.

China is expected to continue growing strongly in 2001, in part because total exports, and especially exports of high technology goods, comprise a much lower share in GDP than in most other emerging Asian economies. Despite the slowdown in exports in 2001, overall activity remained strong in the first half of 2001, led by buoyant private consumption and strong public investment. China's near-term vulnerability to external shocks is limited both by its high level of foreign reserves and by strong inflows of foreign direct investment, running at around $40 billion a year since 1996. The key economic challenge, which has become more urgent with China's entry to the World Trade Organization, remains strengthening of the banking sector, which despite recent loan transfers to asset management companies, continues to be burdened by high levels of non-performing loans.[19]

Russia and the Commonwealth of Independent States

Following the recession induced by the Russian crisis in 1998, the Commonwealth of Independent States (CIS) experienced a strong recovery in 1999-2000. In Russia the combination of higher oil prices and sharply depreciated exchange rates led to a surge in GDP growth to 8.6 percent in 2000 accompanied by the emergence of large fiscal and balance of payments surpluses. Despite some weakening in oil prices from their late 2000 peaks and continued high capital outflows, the external current account and overall balance of payments are expected to remain in strong surplus. Inflation is running ahead, suggesting that monetary policy should be tightened. GDP is projected to grow by 4.0 percent in 2001 and also in 2002.[20]

U.S. Merchandise Trade in 2001

In 2001, the United States ranked as the world's largest merchandise exporter and importer, followed by Germany and Japan.[21] U.S. merchandise exports (based on U.S. Census data) were $666.0 billion in 2001; compared with total exports of $712.3 billion in 2000; merchandise imports were $1,132.6 billion down from $1,205.3 billion in 2000. The U.S. merchandise trade deficit with the world was $466.6 billion in 2001, down from $493.0 billion in 2000. The majority of U.S. exports consisted of manufactured goods, which accounted for 70.9 percent of total U.S. exports in 2001, followed by chemicals (12.0 percent), food and beverages (6.8 percent), fuel and raw

[19] Ibid., p. 33.
[20] Ibid., pp. 39-40.
[21] *WTO Annual Report 2002*, Chapter II-III.1, May 2002, appendix table.

materials (6.2 percent), and all other goods (4.1 percent). The majority of U.S. imports consisted of manufactured goods, which accounted for 72.3 percent of total U.S. imports, followed by fuel and raw materials (11.9 percent), chemicals (7.2 percent), and food and beverages (4.1 percent). The category "all other goods" accounted for 4.5 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 partners are highlighted in the appendix. In 2001, U.S. trade with NAFTA countries accounted for about 32.4 percent of total U.S. exports and imports. Of the $466.6 billion total U.S. trade deficit in 2001, NAFTA accounted for $112.2 billion, of which Canada accounted for $72.2 billion and Mexico accounted for $40.0 billion.

The U.S. trade deficit with China was $84.1 billion followed by Japan at $72.6 billion, the EU at $71.6 billion, Taiwan at $16.6 billion, and Korea at $14.0 billion. The U.S. trade deficit with Japan and China combined totaled $156.7 billion or about 33.6 percent of the total U.S. trade deficit on goods.

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) decreased to $417.1 billion in 2001 from $444.7 billion in 2000 according to preliminary estimates of the Bureau of Economic Analysis of the U.S. Department of Commerce (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 2001.[22] The deficits on merchandise trade and investment income were partially offset by the surplus on services. The U.S. surplus on services trade increased very slightly to $78.8 billion in 2001 from $76.5 billion in 2000. The U.S. deficit on goods and services decreased to $347.8 billion in 2001 from $375.5 billion in 2000. The U.S. deficit on income from foreign investment grew in 2001 to $19.1 billion from $14.8 billion in 2000 as payments on foreign assets in the United States grew more than receipts from U.S. assets abroad. Net inflows of foreign capital into the United States increased to $455.9 billion in 2001 from $443.2 billion in 2000.

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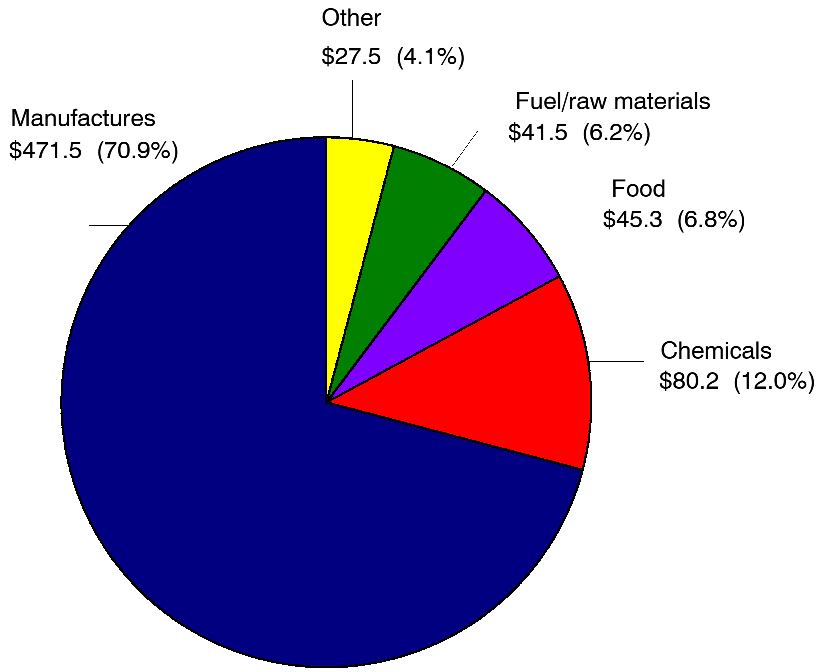
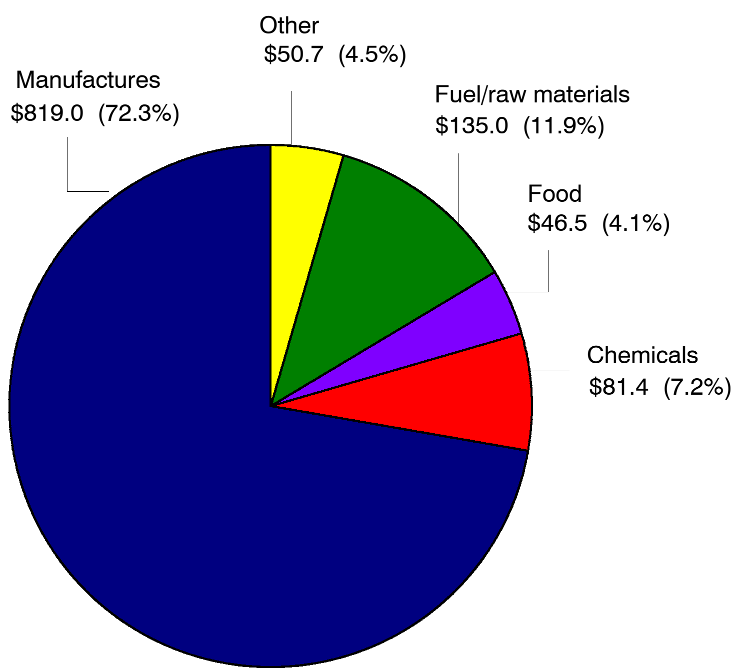
[22] U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. International Transactions*, January 2002.

Figure 1-2
U.S. merchandise trade with the world, by product sectors, 2001

(Billion dollars)



U.S. Exports - $660.0 billion

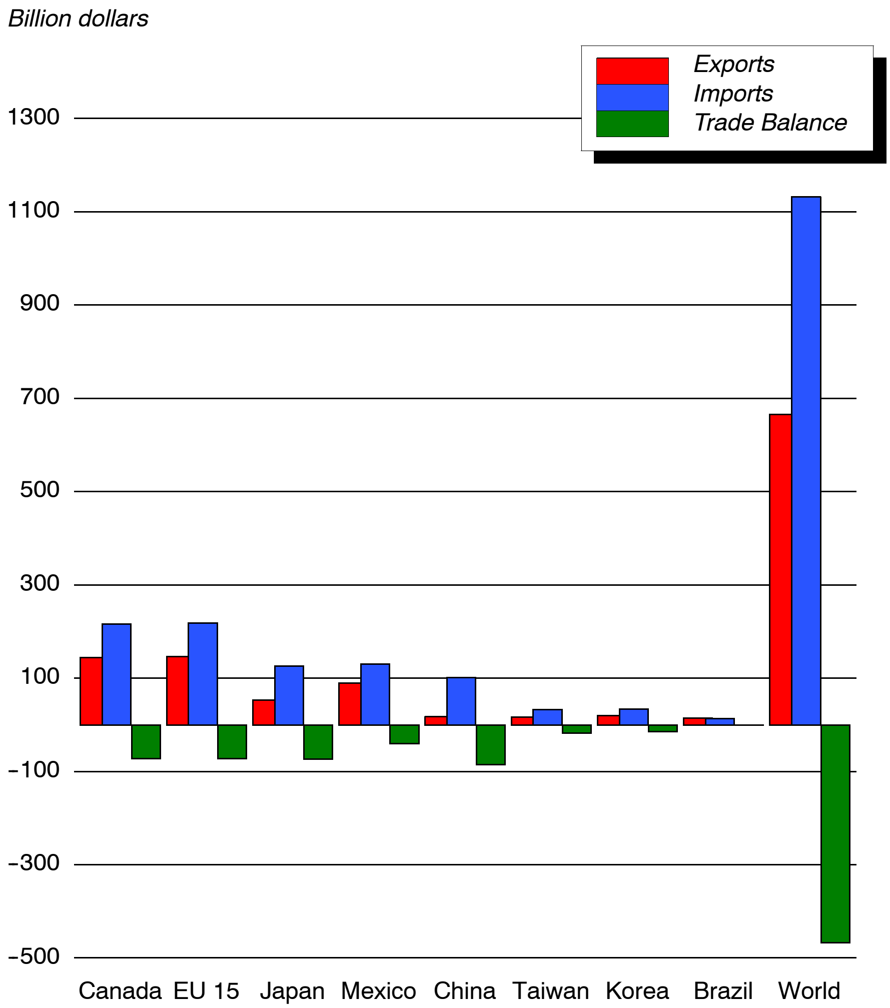


U.S. Imports - $1,132.6 billion

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, 2001



Major trading partners	***Exports***	***Imports***	***Trade balance***
		Billions	
Canada	$144.6	$216.8	$-72.2
EU (15)	147.3	218.9	-71.6
Japan	53.5	126.1	-72.6
Mexico	90.5	130.5	-40.0
China	18.0	102.1	-84.1
Taiwan	16.6	33.3	-16.6
Korea	20.9	34.9	-14.0
Brazil	14.7	14.4	0.2
World	666.0	1,132.6	-466.6

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

Table 1-2
Summary of U.S. international transactions, 2000-01

(Billion dollars)

Item	2000	2001
Merchandise exports	772.2	720.8
Merchandise imports	-1224.4	-1147.5
Balance on merchandise trade	-452.2	-426.6
Services exports	293.5	283.8
Services imports	-217.0	-205.0
Balance on services	76.5	78.8
Balance on goods and services	-375.7	-347.8
Income receipts on U.S. assets abroad	352.9	293.8
Income payments on foreign assets in the United States	-367.7	-312.9
Balance on investment income	-14.8	-19.1
Balance on goods, services, and income	-390.5	-366.9
Unilateral transfers	-54.1	-50.5
Balance on current account	-444.7	-417.4
U.S. assets abroad, net, outflow (-)	-581.0	-439.6
Foreign assets in the U.S., net, inflow (+)	+1024.2	+895.5
Net capital inflows (+), outflows (-)	+443.2	+455.9

Source: Bureau of Economic Analysis, *U.S. International Transactions, Fourth Quarter and Year 2001,* BEA 02-07. 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.

CHAPTER 2
Selected Trade Developments in the WTO and OECD

This chapter reviews selected activities of the World Trade Organization (WTO) and the Organization for Economic Cooperation and Development (OECD) in 2001. The WTO is the principal multilateral body overseeing the negotiation and implementation of, as well as settlement of disputes regarding, international trade agreements. The OECD is the primary forum for the discussion of common economic and social issues faced by the 30 leading industrialized democracies of Asia, Europe, and North America.

World Trade Organization

Fourth Ministerial Conference

The Fourth Ministerial Conference of the World Trade Organization (WTO) was held in Doha, Qatar, from November 9 to 14, 2001. At Doha, trade ministers adopted a work agenda that expanded the scope of multilateral trade negotiations already underway, and expanded the WTO work program to include issues that could be incorporated into the ongoing trade negotiations at a later date, if so decided by members.

Negotiations have been underway since early 2000 on trade in agriculture, services, and on certain intellectual property rights,[1] as mandated by provisions embedded in the 1986-93 Uruguay Round Agreements.[2] Ministers at the Doha conference in November 2001 met to decide whether additional subjects might be included in these negotiations at this time, so as to broaden the scope among negotiators for making concessions and commitments.

[1] Mandated negotiations on intellectual property rights concern geographical indications for wines and spirits. Geographical indications identify a good with a given quality, reputation, or other characteristic that is essentially attributable to its geographical origin in a particular region, country, or locality. Although associated closely with agriculture, the fundamental concept of geographical indications concerns intellectual property rights and, as a consequence, the negotiations are being held under the Trade-Related Aspects of Intellectual Property Rights (TRIPs) Agreement. Whereas the current negotiations involve geographical indications for wines and spirits, a number of participants would like to extend these negotiations to other products.

[2] These embedded provisions have been called collectively the Uruguay Round Agreements' "built-in agenda."

The result at Doha saw ministers round out negotiations underway for agriculture and services with the inclusion of market-access negotiations for industrial goods. Negotiations on new subjects–such as investment and competition policy–were deferred; working groups examining these topics are to continue, with ministers at the WTO Fifth Ministerial Conference (currently scheduled for September 10-14, 2003 in Cancun, Mexico) expected to decide whether or not to include them as new subjects in the Doha negotiations. (See figure 2-1 for the titles and contents of the WTO Doha Ministerial Declaration and other texts.)

Implementation Issues

A primary focus of ministers at the Fourth Ministerial Conference centered on commitments made as part of the Uruguay Round Agreements that had not been implemented by their January 1, 2000, deadline. Discussions regarding lagging implementation have been underway for several years. Developed country members have focused on the failure of a number of developing country members to implement their commitments under the WTO agreements largely concerning trade-related investment measures, customs valuation rules, and trade-related aspects of intellectual property rights.

Figure 2-1
Titles and contents of the WTO Doha Ministerial Declaration and related texts

MINISTERIAL DECLARATION
Adopted on 14 November 2001

WORK PROGRAMME
Implementation-Related Issues and Concerns
Agriculture
Services
Market Access for Non-agricultural Products
Trade-Related Aspects of Intellectual Property Rights
Relationship between Trade and Investment
Interaction between Trade and Competition Policy
Transparency in Government Procurement
Trade Facilitation
WTO Rules
Dispute Settlement Understanding
Trade and Environment
Electronic Commerce
Small Economies
Trade, Debt and Finance
Trade and Transfer of Technology
Technical Cooperation and Capacity Building
Least-Developed Countries
Special and Differential Treatment

ORGANIZATION AND MANAGEMENT OF THE WORK PROGRAMME

DECLARATION ON THE TRIPS AGREEMENT AND PUBLIC HEALTH
Adopted on 14 November 2001
DECISION ON IMPLEMENTATION-RELATED ISSUES AND CONCERNS

A number of developing country members have responded that developed country members have failed to implement or honor the Uruguay Round Agreements' provisions that afford special and differential treatment to developing countries. A number of these countries have expressed general dissatisfaction that these agreements are skewed in favor of the developed countries, and particular dissatisfaction has been cited regarding the implementation of the specific Uruguay Round Agreements on textiles, antidumping, subsidies, trade-related investment measures, and trade-related aspects of intellectual property, among others.

Negotiations Already Underway

Agriculture

Agriculture negotiations began in March 2000, as mandated under the WTO Agreement on Agriculture, Article 20 (Continuation of the Reform Process). Participants agreed to structure negotiations through special sessions of the WTO Committee on Agriculture, and were set out in two phases. In Phase One, participants would present proposals to improve the current rules on agriculture, either comprehensive proposals or on particular aspects of agriculture. In Phase Two, they would negotiate an agreement that incorporates these improvements into the current rules and commitments on agriculture.

Phase One agriculture negotiations

During Phase One from March 2000 to March 2001, special sessions were held approximately quarterly, fielding approximately 44 proposals from 125 countries.[3] At the review session in March 2001 marking the end of Phase One negotiations, a stocktaking was held of progress to date and a timetable was set for Phase Two negotiations from May 2001 to March 2002.

Phase Two agriculture negotiations

Phase Two sessions were held approximately bimonthly, taking up topics raised under Phase One in greater technical detail so as to develop specific language and proposals that could lead to an agreement on improved rules and commitments in agriculture.[4] Discussions in 2001 focused on a wide variety of subjects: consumer information and labeling; domestic support subsidies defined under the agreement;[5] environment; export credits; export subsidies; export taxes and restrictions; food aid;

[3] Phase One agriculture meetings were held in March, June, September, and November 2000, and in February and March 2001.

[4] Phase Two agriculture meetings were informal meetings held in May, July, September, and December 2001, and March 2002; formal committee sessions also followed the latter three meetings.

[5] Categories known as "amber," "green," and "blue box" supports.

food safety; food security; geographical indications; rural development; individual agricultural sector initiatives; the special agricultural safeguard; state trading enterprises; tariff quota administration; tariffs; and trade preferences.[6]

In September 2001, the committee also settled three outstanding implementation issues regarding agriculture that concerned developing countries' difficulties in carrying out their existing WTO commitments on agriculture: (1) the committee agreed to examine the issues of export credits, export-credit guarantees, and insurance programs, and report its findings to the WTO General Council in late 2002;[7] (2) it agreed to establish an interagency panel of financial and commodity experts to explore ways to improve access to multilateral programs and facilities that can assist least developed countries and WTO net food-importing developing countries which experience short-term difficulties financing commercial imports of basic foodstuffs; and (3) it agreed that tariff quotas should be administered transparently and without discrimination.

Future schedule

In November 2001, the Doha declaration centered on five areas that ministers considered the main focal points of the agriculture negotiations: (1) market access, (2) export subsidies, (3) domestic supports, (4) special and differential treatment for developing countries,[8] and (5) nontrade concerns as expressed in the WTO Agreement on Agriculture. The declaration calls for participants to establish by March 31, 2003, the "modalities" (that is, structure and rules for negotiations) that will allow for additional commitments in these areas under the agriculture agreement. Participants are to submit comprehensive draft schedules subsequently, based on these negotiating rules, by the 2003 ministerial conference.[9]

Services

Services negotiations began in February 2000, mandated under the WTO General Agreement on Trade in Services (GATS), Part IV (Progressive Liberalization), Article XIX (Negotiation of Specific Commitments). Participants met initially in February 2000 and agreed to organize negotiations through special sessions of the WTO Council on Trade in Services, divided into two phases.

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[6] WTO, Committee on Agriculture – Special Session, *Seventh Special Session of the Committee on Agriculture*, G/AG/NG/7, Mar. 29, 2001, found at Internet address *http://docsonline.wto.org,* retrieved on Mar. 1, 2002.

[7] In a separate forum, negotiations have been underway recently in the Organization for Economic Cooperation and Development (OECD) regarding export credits and guarantee programs, both agricultural and industrial.

[8] To be included as an integral part of concessions and commitments undertaken through national schedules.

[9] World Trade Organization, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001.

Phase One services negotiations

In Phase One, participants held special sessions from November 2000 to March 2001 that structured negotiations, adopted negotiating guidelines and procedures, and considered negotiating proposals submitted. Phase One concluded with a review meeting on March 28-30, 2001, that looked at progress to date, and adopted rules for negotiations. At the March 2001 meeting, the Council for Trade in Services adopted the Guidelines and Procedures for the Negotiations on Trade in Services[10] that highlight several principles that are to underpin the services negotiations:

- the negotiations will recognize the right of members to regulate their service sectors;
- the negotiations will provide appropriate flexibility for developing country members, such as accepting their opening fewer sectors and liberalizing fewer transactions;
- the liberalization of services markets that emerges is to take account of national policy objectives, and the level of economic development of individual members; and
- the negotiations will recognize the right to specify which service sectors will be offered for liberalization.

Phase Two services negotiations

Phase Two negotiations from March 2001 to March 2002 covered in greater technical detail specific proposals raised during Phase One.[11] These 2001-2002 discussions focused on:[12]

- horizontal issues that affect all service sectors, involving: GATS Article IV (Increasing Participation of Developing Countries), GATS Article VII (Recognition), the treatment of small- and medium-sized enterprises as service suppliers, the transparency of domestic regulations on services, and classification issues involving services;
- vertical issues that affect individual service sectors, involving: business, communication, construction, distribution, educational, energy, environmental, financial, tourist, recreational, and transport services; and
- additional subjects and proposals, involving: GATS Annex on Article II Exemptions concerning most-favored-nation (MFN) exemptions taken to shelter particular service sectors from the agreement, GATS Annex on the Movement of Natural Persons Supplying Services under the Agreement, a

[10] WTO, Council for Trade in Services, "Guidelines and Procedures for the Negotiations on Trade in Services – Adopted by the Special Session of the Council for Trade in Services on 28 March 2001," S/L/93, Mar. 29, 2001, found at Internet address *http://docsonline.wto.org,* retrieved Feb. 15, 2002.

[11] Participants held a review session in March 2002 to gauge progress made during Phase Two.

[12] WTO, "Report (2001) of the Special Session of the Council for Trade in Services to the General Council," S/CSS/8, Oct. 11, 2001, found at Internet address *http://docsonline.wto.org,* retrieved Feb. 15, 2002.

proposal for a GATS annex on tourism services, an economic needs test for the four supply modes under the GATS, an initial consideration of the "assessment of trade in services" required by the negotiations under GATS Article XIX, and how to treat autonomous liberalization already undertaken concerning trade in services.

Future schedule

The Doha Ministerial Declaration calls for participants' initial requests for concessions and commitments regarding trade in services to be submitted by June 30, 2002. The declaration calls for participants' initial offers of concessions and commitments to be submitted by March 31, 2003.[13]

Intellectual Property Rights

As part of the 1986-93 Uruguay Round Agreements, WTO members agreed under the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs Agreement") to enter into negotiations aimed at increasing the protection of individual geographical indications. TRIPs Article 23 (Additional Protection for Geographical Indications for Wines and Spirits) contains provisions to protect geographical indications involving wines and spirits under the TRIPs Agreement, and TRIPs Article 24 (International Negotiations: Exceptions) contains provisions to start negotiations to increase the protection set out in Article 23.

At Doha in November 2001, members agreed to negotiate a multilateral system of notification and registration for geographical indications for wines and spirits by the 2003 ministerial conference, which would complete work mandated under TRIPs Article 24 as part of the Uruguay Round Agreements' built-in agenda. In the declaration, ministers acknowledged that a number of members–many of them transition economies in Central Europe–would like to see the mandated negotiations to establish protection for wine and spirits through the use of geographical indications extended to additional products.

Members also pointed out in the Doha declaration that they would like the TRIPs Agreement to help support the field of public health by encouraging access to existing medicines and to research on new medicines. At Doha, members adopted a separate declaration[14] to underline the importance they attach to the issue. The ministers also instructed the TRIPs Council to take into account any interrelation between the TRIPs Agreement and the United Nations (UN) Convention on Biological Diversity,[15] the protection of traditional knowledge and folklore,[16] and any other relevant new

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[13] World Trade Organization, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 15.

[14] World Trade Organization, *Declaration on the TRIPs Agreement and Public Health – Adopted on 14 November 2001*, WT/MIN(01)/DEC/2, Nov. 20, 2001.

[15] The Convention on Biological Diversity was signed at the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil, in 1992, as part of the conference's objective to agree on a comprehensive strategy to achieve so-called sustainable development, a strategy

developments concerning trade-related intellectual property rights. Lastly, ministers agreed to extend the transition period for least developed country members to implement the TRIPs Agreement's provisions on patent rights protection for pharmaceutical products until January 1, 2016.

Negotiations Deferred

Introduction

Under the WTO work program adopted at Doha, negotiations on agriculture, services, and geographical indications already begun in 2000 were combined with market-access negotiations on industrial goods, which are scheduled to begin in 2002 (see below). Beyond these four subjects, the ministers at Doha marked additional subjects for further study in preparation for a decision at the 2003 ministerial conference on whether or not to include them in the negotiations. These include:

- trade and investment,
- trade and competition policy,
- transparency in government procurement, and
- trade facilitation.

The mandate at Doha for these four topics is based on language saying that "we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that Session on modalities of negotiations."[17] The phrase "by explicit consensus," inserted in negotiations at Doha at the insistence of India, raises some uncertainty as to whether members have indeed agreed to begin negotiations on these four issues after the ministerial conference in 2003 or whether agreement to begin negotiation of these issues is subordinate to

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[15]—*Continued*
that aims to meet the needs of current generations while ensuring a healthy and viable world for future ones. The convention entered into force on Dec. 29, 1993, and had 168 signatures as of Sept. 12, 2001. The United States signed the convention in April 1993, but has not ratified it to date. The convention is administered under the United Nations Environment Programme, by the Secretariat of the Convention on Biological Diversity, situated in Montreal, Canada. See the website maintained by the Secretariat of the Convention on Biological Diversity, found at Internet address *http://www.biodiv.org/,* retrieved Feb. 19, 2002.

[16] The World Intellectual Property Organization (WIPO) became a specialized agency of the United Nations in 1974, succeeding the longstanding United International Bureaux for the Protection of Intellectual Property. WIPO is mandated to administer intellectual property matters recognized by the UN member states. At its General Assembly meeting in Sept.-Oct. 2000, WIPO member states agreed to establish a special body to discuss intellectual property issues related to genetic resources, traditional knowledge, and folklore. The Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge, and Folklore held its first session from Apr. 30 to May 3, 2001. For further detail, see the WIPO website, found at Internet address *http://www.wipo.int/,* retrieved Feb. 19, 2002.

[17] World Trade Organization, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 20, 23, 26, and 27.

absolute unanimity that might allow a single WTO member to veto initiation of these negotiations.[18] In the interim until the WTO Fifth Ministerial Conference, the working groups will continue to examine their issues along lines previously agreed.[19]

The working groups in all four areas were tasked by ministers at Doha to take account of the economic development needs of developing country members. In the declaration, ministers reiterated the need to help provide technical assistance to these countries. Ministers hoped to build up the capacity for policy analysis and policy development in these developing country governments. This capability would allow these governments to better evaluate the implications of closer multilateral cooperation for their economic development objectives and policies–as they affect both humans and institutions–and so would allow these governments to participate more effectively in multilateral trade negotiations, whether those launched at Doha or elsewhere.

Investment

The Working Group on the Relationship Between Trade and Investment was directed by ministers to focus on clarifying the following issues before the 2003 ministerial conference:[20]

- the scope and definition of the trade-investment relation;
- transparency;

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[18] In submitting the final three draft texts to delegates at Doha for adoption (the Ministerial Declaration, the Declaration on the TRIPS Agreement and Public Health, and the Decision on Implementation-Related Issues and Concerns), the chairman–Qatari Finance, Economy and Trade Minister Youssef Hussain Kamal–issued this clarification that would appear to be the governing statement:

> I would like to note that some delegations have requested clarification concerning paragraphs 20, 23, 26 and 27 of the draft declaration. Let me say that with respect to the reference to an 'explicit consensus' being needed, in these paragraphs, for a decision to be taken at the Fifth Session of the Ministerial Conference, my understanding is that, at that session, a decision would indeed need to be taken by explicit consensus, before negotiations on trade and investment and trade and competition policy, transparency in government procurement, and trade facilitation could proceed. In my view, this would also give each member the right to take a position on modalities that would prevent negotiations from proceeding after the Fifth Session of the Ministerial Conference until that member is prepared to join in an explicit consensus.

WTO, Introductory remarks by Chairman Youssef Hussain Kamal at the closing plenary session on Nov. 14, 2001 regarding the draft ministerial declarations and decision presented for adoption, found at Internet address *http://www.wto.org/english/thewto_e/minist_e/min01_e/min01_chair_speaking_e.htm#clarification*, retrieved on Apr. 25, 2002.

[19] The majority of these working groups were mandated at the 1996 WTO First Ministerial Conference in Singapore, hence their moniker as "Singapore" issues. The issue of trade facilitation was added at the 1998 WTO Second Ministerial Conference, held in Geneva, Switzerland.

[20] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 20 to 22. The group has been examining the following issues, first set out in 1997: (I) implications of the relationship between trade and investment for development and economic growth, (II) the economic relationship between trade and investment, (III) a stocktaking and analysis of existing international instruments and activities regarding trade and investment, and (IV) on the basis of I to III, identify: (1) commonalities and differences concerning existing international instruments concerning investment; (2) advantages and disadvantages of bilateral, regional, and multilateral rules on investment, including from the economic development perspective; (3) the rights and obligations of home and host countries and of investors and host countries; and (4) the relationship between existing and future international cooperation on investment policy, and between such cooperation regarding competition policy.

- nondiscrimination;
- modalities for preestablishment commitments based on a GATS-type, positive list approach;[21]
- development provisions;
- exceptions and balance-of-payments safeguards; and
- consultation and the settlement of disputes between members.

Competition Policy

The Working Group on the Interaction between Trade and Competition Policy is to focus on the clarification of:[22]

- core principles (including transparency, nondiscrimination and procedural fairness, and provisions on hardcore cartels);
- modalities for voluntary cooperation; and
- support for progressive reinforcement of competition institutions in developing countries through capacity building.

Transparency in Government Procurement

Work already done in the Working Group on Transparency in Government Procurement will help toward negotiating a multilateral agreement on transparency in government procurement.[23] Although the group has not resolved the issue of whether participants ought to proceed to negotiate such an agreement, much of thepreparatory work that can be done without proceeding to actual negotiation of market-access commitments has been completed as regards government procurement practices and their transparency.[24]

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[21] "Establishment" issues concern the direct investment of a firm in a host country, that is, establishing a foreign firm in the host country. Issues often divide into pre- and post-establishment investment stages. A "positive" list–such as the service sectors offered under the GATS–indicates that a country actively places a sector onto a negotiated list, in contrast to a "negative" list–such as the market-access negotiations set out at Doha–where all sectors are automatically included and a country instead actively removes a sector from the list to prevent bringing that sector into competition with foreign firms under the agreement being negotiated.

[22] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 25. The group has been examining the following issues, first set out in 1997: (I) the relevance of fundamental WTO principles of national treatment, transparency and most-favored-nation treatment to competition policy and vice versa; (II) approaches to promoting cooperation and communication among members, including in the field of technical cooperation; (III) the contribution of competition policy to achieving the objectives of the WTO, including the promotion of international trade; and (IV) other issues raised by members relating to the group's mandate to study the interaction between trade and competition policy.

[23] Ibid., par. 26.

[24] U.S. Department of State telegram, "Meetings of the WTO Working Group on Transparency in Government Procurement," message reference No. 6713, prepared by the U.S. Mission, Geneva, Oct. 20, 1998; "Constructive discussions in the WTO Working Group on Transparency in Government

Trade Facilitation

On trade facilitation, until the 2003 ministerial conference, the Council for Trade in Goods will clarify aspects of GATT Article V (Freedom of Transit), Article VIII (Fees and Formalities Connected with Importation and Exportation), and Article X (Publication and Administration of Trade Regulations) that pertain to the expeditious movement, release, and clearance of goods–including goods in transit.

Negotiations and Work Program Added at Doha

Market Access for Non-agricultural Products

In the Doha declaration, members agreed to negotiations to reduce or eliminate as appropriate tariff and nontariff barriers on non-agricultural products, including tariff peaks, high tariffs, and products subject to tariff escalation.[25] Product coverage is to be comprehensive, with no automatic exclusions. Members are to take account of developing countries' special needs and interests during these negotiations, such as accepting less-than-full reciprocity regarding commitments on tariff and nontariff barrier reduction or focusing on products of particular export interest to developing countries. Members agreed in the declaration to assist the least developed countries with technical studies and capacity-building measures to help them participate more effectively in the negotiations. No single negotiating format was established so that different methods will be possible, including mutual tariff elimination,[26] tariff harmonization, sectoral agreements,[27] etc.

WTO Rules

In the Doha Ministerial Declaration, ministers stated that "we agree to negotiations aimed at clarifying and improving disciplines under the agreements on Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these agreements and their instruments and objectives, and taking into account the needs of developing and least-developed participants."[28] Ministers agreed to these

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[24]—*Continued*
Procurement," message reference No. 1915, prepared by the U.S. Mission, Geneva, Mar. 16, 1999; and "Results of Geneva informals on a WTO Agreement on Transparency in Government Procurement," message reference No. 7194, prepared by the U.S. Mission, Geneva, Sep. 22, 1999.

[25] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 16.

[26] Commonly known as "zero-for-zero initiatives."

[27] Such as the WTO Information Technology Agreement.

[28] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 28. The WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 is known more commonly as "the WTO Agreement on Anti-Dumping Practices," or more simply, "the Antidumping Agreement." The agreement aims to provide signatories with a remedy–imposition of antidumping duties–against products in international trade that are being "dumped," that is, sold at less than "normal"

negotiations in light of their view of the greater use of antidumping and countervailing duty measures by an increasing number of WTO members.

Negotiations on improving WTO rules are to take place in two phases. In the initial phase, participants will indicate the provisions that they seek to clarify and improve, including disciplines on trade distorting practices. In the subsequent phase, participants will seek to improve on practices identified in the first phase. The negotiations are also to specifically examine WTO disciplines regarding fishery subsidies, taking into account the importance of this sector to developing countries.

Dispute Settlement Understanding

At Doha, ministers agreed to negotiations to improve and clarify the Dispute Settlement Understanding (DSU), based on work done to date. The deadline to reach agreement on these improvements is scheduled for May 31, 2003, with the agreed improvements to enter into force as soon as possible thereafter. This deadline is earlier than the January 1, 2005, overall deadline for the multilateral trade negotiations launched at Doha. It is also the sole issue that is to be independent of the "single undertaking" terms of the Doha negotiations, where all issues must be agreed before anything is considered agreed. Thus, DSU improvements are to be implemented regardless of the outcome of the overall Doha negotiations.

Trade and Environment

Ministers agreed at Doha to negotiations on (1) the relation between WTO trade rules and trade rules set out in Multilateral Environmental Agreements (MEAs), (2) information exchange procedures between WTO committees and MEA secretariats, and (3) the reduction and elimination of tariff and nontariff barriers to environmental goods and services.[29] Ministers also instructed the Committee on Trade and Environment (CTE) to continue its work agenda, giving particular attention to (1) the impact of environmental measures on market access,[30] (2) provisions of the TRIPs Agreement relevant to trade and the environment, and (3) labeling requirements for environmental purposes. The CTE is to report to the 2003 ministerial conference, and make recommendations as appropriate.

Electronic Commerce

Ministers directed the General Council to continue the work program on electronic commerce that began following the Ministerial Declaration on Electronic Commerce of

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[28]—*Continued*
value according to terms and conditions set out in the agreement. The WTO Agreement on Subsidies and Countervailing Measures seeks to provide a parallel remedy–imposition of countervailing duties–against products in international trade that are subsidized in a manner not accepted under the terms and conditions set in the agreement.

[29] Ibid., par. 31 to 33.

[30] In particular, where the reduction of trade restrictions and distortions would benefit trade, the environment, and the economic development of the countries not yet industrialized.

May 20, 1998.[31] The council is to report to the 2003 ministerial conference. Members agreed to continue not to impose customs duties on electronic transmissions until the 2003 conference.

The work program on electronic commerce is continuing in WTO bodies according to their areas of particular competence. The Council for Trade in Goods is to focus on issues relating to market access, trade facilitation, and standards. Cross-cutting issues of broader scope, such as how to classify electronic commerce (e.g., whether as a good, as a service, as both, as something *sui generis*, etc.) is taking place in discussions at the General Council level. The Council for Trade in Services and the TRIPs Council continue to assist actively on issues touching their fields.

The Doha Development Agenda

Introduction

The Uruguay Round Agreements greatly expanded the coverage of international trade disciplines; as a consequence the rules for, and commitments by, governments expanded greatly as well. Developing country members have had greater difficulty than developed ones in implementing their commitments–even following a 1995-2000 transition period.[32] The WTO and the GATT preceding it, have long provided "special and differential" treatment to developing country members to account for differing degrees of economic development. Despite this, a number of developing countries have indicated that the practical costs of implementing their WTO obligations have not been offset by the theoretical trade benefits that should be forthcoming. During 1999, a number of developing country delegations cautioned in the run-up to the Seattle ministerial that their governments were unlikely to agree to additional commitments imposed by a new round of trade negotiations until their present commitments were more certainly under control.

In 2001, ministers looking to launch a new round after their 1999 failure in Seattle were still faced with developing country reticence toward new commitments spurred on by continuing implementation difficulties. To build support for a new round, the ministers found that they needed to address the economic development aspects of new negotiations more fully. As a result, the Doha declaration contains numerous references "to take into account the needs of developing and least developed countries," "to give due consideration to their development priorities," "to give due consideration to products of export interest to the developing and least developed countries," and their "need of greater technical assistance and capacity building."

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[31] Ibid., par. 34.

[32] WTO Ministerial Conference – Fourth Session, *Implementation-related Issues and Concerns – Decision of 14 November 2001*, WT/MIN(01)/17, Nov. 20, 2001, preamble.

In addition to the declaration's universal provisions that nevertheless contain such references, the declaration also contains particular provisions that target problems encountered specifically by developing and least developed countries. These sections from the Ministerial Declaration are summarized below. Following the Doha conference, the WTO Secretariat announced organizational changes in December 2001 so as to consolidate in institutional terms the work priorities in the Doha declaration that focus on economic development. These priorities were subsequently called the "Doha Development Agenda."[33]

Small Economies

In the Doha Ministerial Declaration, the General Council agreed to a work program to examine issues of trade that concern small, vulnerable economies in particular, in an effort to identify responses that might better integrate their economies into the multilateral trading system.[34]

Trade, Debt, and Finance

The General Council agreed to establish a working group to examine issues of finance and debt–although limited to the extent of WTO's competence on financial issues–to search for a solution to the problem of external debt and its impact on trade encountered by a number of developing and least developed countries.[35]

Trade and Transfer of Technology

The General Council agreed to establish a working group to examine technology transfer issues, to look for ways to increase technology flows to developing countries. The General Council is to report to the 2003 ministerial conference on progress made.[36]

Technical Cooperation and Capacity Building

Past WTO activity in the area of technical cooperation and capacity building has evolved largely along two lines: (1) the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries; and (2) technical assistance, cooperation, and "capacity building."[37] The Integrated Framework is

[33] WTO, "Organizational Changes in the WTO Secretariat — Director-General Meeting with Staff," WTO News: Speeches — DG Mike Moore, Dec. 14, 2001, found at Internet address *http://www.wto.org/english/news_e/spmm_e/spmm74_e.htm*, retrieved Feb. 4, 2002.

[34] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 35.

[35] Ibid., par. 36.

[36] Ibid, par. 37.

[37] Many developing country WTO members have found as they integrate into the world trading system, that to make their trade regime and institutions compatible with their WTO commitments, it is often necessary to first create these institutions, government departments, trade regimes, legal procedures, regulatory frameworks, etc. WTO technical assistance efforts are increasingly geared toward such "capacity building," whether in human or institutional terms.

sponsored by six core international organizations including the WTO, and is targeted at improving the least developed countries' (LDCs) technical infrastructure relating to international trade, and coordinating the assistance provided by international agencies and national donor agencies for this purpose.[38]

WTO technical assistance programs aim to help developing and least developed country members adjust to WTO rules and disciplines, implement their obligations, and also to take advantage of membership rights that allow them to draw on the benefits of an open world-trading system. While not a development agency like the United Nations Development Programme or the World Bank, the WTO nonetheless aims to make a contribution toward the economic development of the least developed countries with its technical assistance programs,[39] although many of its programs could apply to similar economic conditions in middle- and lower-income developing countries.

In the Doha Ministerial Declaration, ministers endorsed a New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration.[40] The task of this new strategy is to coordinate the delivery of WTO technical assistance with assistance from bilateral donors, the OECD Development Assistance Committee, and relevant international and regional intergovernmental institutions–all within a coherent policy framework, according to agreed timetables, and more effectively than in the past.

The ministers also instructed the Director-General to enhance and rationalize operations under the Integrated Framework and the Joint Integrated Technical Assistance Programme,[41] in coordination with relevant agencies, bilateral donors, and beneficiaries. The ministers further instructed the WTO Secretariat to strengthen ties with relevant agencies to support national economic development plans that place trade more directly into domestic policy efforts that are aimed at reducing poverty (called "mainstreaming").[42] The Director-General is to provide an interim report to the General Council in December 2002, and report again at the 2003 ministerial conference on the implementation and adequacy of the technical assistance commitments set out in the Doha Ministerial Declaration.

At Doha, the ministers endorsed the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF) as a viable model for these countries' trade development. They solicited contributions to the IF Trust Fund, and to WTO extra-budgetary trust funds, set up in favor of the least developed countries.

[38] For further detail, see USITC, *The Year in Trade 2000*, USITC Publication 3428, pp. 2-6 to 2-7.

[39] WTO, *Annual Report 2000* (WTO: 2000), p. 3.

[40] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 38.

[41] The Integrated Technical Assistance Programme for Selected Least-Developed and Other African Countries, jointly administered by the WTO and the UNCTAD/WTO International Trade Centre, is one of the initial (May 1996) WTO technical assistance programs directed at encouraging economic growth and trade in least developed country members of the WTO.

[42] This mainstreaming effort takes place largely during the coordination of assistance done through the Integrated Framework.

Least Developed Countries

The General Council agreed at Doha to establish a working group to examine issues of trade and the transfer of technology, with the aim of increasing technology flows to developing countries.[43]

Special and Differential Treatment

Ministers agreed to review all WTO provisions regarding special and differential treatment, with the primary aim of making these provisions more effective and operational. The review is in part a response to the proposal by some members for a Framework Agreement on Special and Differential Treatment.[44] At Doha, the ministers also endorsed the work program on special and differential treatment set out in the Doha Decision on Implementation-Related Issues and Concerns.[45]

Declaration on the TRIPs Agreement and Public Health[46]

In the Doha declaration concerning the TRIPs Agreement and public health, ministers acknowledged the gravity of the public health epidemics afflicting many developing and least developed countries, such as HIV/AIDS, tuberculosis, malaria, and others.[47]

Although ministers noted that intellectual property protection is important to developing new medicines and that this protection may significantly affect the price of medicine, they nonetheless expressed a desire for the TRIPs Agreement to play a role in the international response and solution to overcoming these public health problems.

As a result, the ministers highlighted that the TRIPs Agreement does not prevent WTO members from taking measures to protect public health and promote access for all medicines. The ministers pointed out that, under the TRIPs Agreement, each member: (1) may grant compulsory licenses to manufacture the medicines needed to treat such epidemics, and may determine the grounds for such compulsory licensing; (2) is free to determine what constitutes a national emergency or urgent and extreme circumstances regarding crises over public health; and (3) is free to establish procedures to exhaust claims over intellectual property rights.[48]

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43 WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 37.

44 WT/GC/W/442.

45 WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 44.

46 WTO Ministerial Conference–Fourth Session, *Declaration on the TRIPs Agreement and Public Health — Adopted on 14 November 2001*, WT/MIN(01)/DEC/2, Nov. 20, 2001.

47 Ibid., par. 1 to 4.

48 Subject to MFN and national treatment considerations.

The ministers' declaration cautions that WTO members with insufficient or no capability to manufacture pharmaceuticals may have difficulty in using the TRIPs Agreement's provision concerning compulsory licensing effectively. The ministers therefore instructed the TRIPs Council to devise a solution and report to the WTO General Council before December 31, 2002.[49]

The ministers also reiterated the idea for developed country WTO members to provide incentives to their firms and institutions to promote technology transfer to the least developed country members, likely concerning pharmaceutical manufacturing capability. Finally, the ministers postponed until January 1, 2016, the least developed countries' obligation to implement or enforce the TRIPs Agreement's provisions that concern patents or the protection of undisclosed information with regard to pharmaceuticals.[50]

Decision on Implementation-related Issues and Concerns[51]

Outstanding from the 1999 ministerial conference in Seattle, implementation issues were a paramount concern to ministers at Doha.[52] To help consolidate work done on implementation issues since Seattle and integrate remaining implementation concerns into the round of multilateral trade negotiations launched at Doha, ministers adopted the Decision on Implementation-related Issues and Concerns as part of their negotiating and work agenda.

The decision addresses various provisions found in many of the Uruguay Round Agreements, and cross-cutting issues focused largely on the needs of the developing and least developed countries. The decision sets out a number of clarifications of provisions in the Uruguay Round Agreements including: agriculture, sanitary and phytosanitary measures, textiles and clothing, technical barriers to trade, trade-related investment measures, antidumping measures, customs valuation, rules of origin, subsidies and countervailing measures, and trade-related aspects of intellectual property rights. (See figure 2-2 for a summary of the WTO Decision on Implementation-related Issues and Concerns.)

[49] WTO Ministerial Conference – Fourth Session, *Declaration on the TRIPS Agreement and Public Health – Adopted on 14 November 2001*, WT/MIN(01)/DEC/2, Nov. 20, 2001, par. 6.

[50] Ibid., par. 7.

[51] WTO Ministerial Conference–Fourth Session, *Decision on Implementation-related Issues and Concerns – Adopted on 14 November 2001*, WT/MIN(01)/17, Nov. 20, 2001.

[52] WTO Ministerial Conference – Fourth Session, *Ministerial Declaration – Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, par. 12.

Figure 2-2
Summary of the WTO Decision on Implementation-related Issues and Concerns, adopted November 14, 2001

The Ministerial Conference agreed to provisions that will:

General Agreement on Tariffs and Trade 1994 (GATT 1994)

- endorse that Article XVIII (Governmental Assistance to Economic Development)– as a provision conferrring special and differential treatment–should be less onerous than Article XII (Restrictions to Safeguard the Balance of Payments).
- direct the WTO Committee on Market Access to give further consideration to the phrase "substantial interest" in GATT 1994 Article XIII:2(d) (Non-discriminatory Administration of Quantitative Restrictions), which addresses the concept of a developing country's substantial export interest under such measures, by not later than December 31, 2002, and to report on its conclusions.

Agreement on Agriculture

- urge restraint in challenging "green box" measures (those exempt from the subsidy reduction commitment under the agreement) taken by developing countries, used to promote rural development and address food security.
- approve recommendations on (i) food aid; (ii) technical and financial assistance part of aid programs to improve agricultural productivity and infrastructure; and (iii) financing commercial imports of basic foodstuffs, stemming from a review of the Uruguay Round Agreements Ministerial "Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries."
- approve recommendations on reporting requirements regarding AGR Art. 10.2 (Prevention of Circumvention of Export Subsidy Commitments), which concerns development of international disciplines and subsequent reporting on export credits, export credit guarantees, and insurance programs.
- endorse continued review of expanded notifications by members regarding the administration of tariff-rate quotas.

Agreement on the Application of Sanitary and Phytosanitary Measures

- set the phrase "longer time-frame for compliance" (SPS Art. 10.2, Special and Differential Treatment) and "reasonable interval" (SPS Annex B, par. 2; Transparency of Sanitary and Phytosanitary Regulations) to mean a period of not less than 6 months, when considering new sanitary and phytosanitary measures.
- instruct the WTO Committee on Sanitary and Phytosanitary Measures to develop a program to implement SPS Art. 4 (Equivalence), which concerns the equivalence of sanitary and phytosanitary measures.
- instruct the committee to review the operation of the agreement every 4 years.
- encourage increased interaction between members and international standards setting organizations, particularly the least developed countries.
- urge members to provide financial and technical assistance to least developed countries so they may respond to new SPS measures that may negatively affect their trade.

Agreement on Textiles and Clothing

- urge due consideration before initiating antidumping investigations on textile and clothing exports from developing countries previously subjected to quotas for 2 years following the Jan. 1, 2005 full integration of the textiles and clothing sector into the GATT 1994.
- suggest that the WTO Council on Trade in Goods (CTG) examine the proposal to apply the most favorable quota methodology for small suppliers under the growth-on-growth provisions in the remaining agreement years.
- suggest that the CTG calculate the quota levels for the remaining agreement years as if advancing the agreement's growth-on-growth provisions for phase 3 to January 1, 2000.

Figure 2-2—*Continued*
Summary of the WTO Decision on Implementation-related Issues and Concerns, adopted November 14, 2001

Agreement on Technical Barriers to Trade

- set the phrase “reasonable interval” (TBT Art. 2, par. 12; Preparation, Adoption and Application of Technical Regulations by Central Government Bodies) to mean a period of not less than 6 months.
- encourage increased interaction between members and international standard setting organizations, particularly the least developed countries.
- urge members to provide financial and technical assistance to least developed countries so they may respond to new TBT measures that may hurt their trade.

Agreement on Trade-Related Investment Measures

- accept the CTG actions regarding requests by developing country members to extend the transition period set out in TRIMs Art. 5.2 (Notification and Transitional Arrangements). This article calls for developed, developing, and least developed country members to implement the TRIMs Agreement within 2, 5, and 7 years respectively of the 1995 establishment of the WTO.
- urge acceptance of requests by least developed countries under TRIMs Art. 5.3 (Notification and Transitional Arrangements), which concerns developing country requests to extend their transition period due to particular difficulties.

Agreement on Antidumping Duties and Practices

- inhibit the initiation of antidumping investigations on the same products subjected to a negative finding within the past year, unless circumstances have changed.
- aim to clarify the operation of Antidumping Practices (ADP) Art. 15 (Developing Country Members).
- aim to specify the timeframe of ADP Art. 5.8 (Initiation and Subsequent Investigation, concerning immediate termination of dumping cases with *de minimis* dumping margins).
- aim to clarify the annual review of the agreement under ADP Art. 18.6 (Final Provisions).

Agreement on Customs Valuation

- extend the transition period in VAL Art. 20.1 (under Part III–Special and Differential Treatment), which concerns the 5-year period for developing countries not previously signatory to the GATT Agreement on Customs Valuation to implement its WTO counterpart.
- urge acceptance of requests by least developed countries under VAL Annex III, par. 1 and 2, which concern possible extension of the 5-year period under VAL Art. 20.
- urge strengthened cooperation to prevent customs fraud.

Agreement on Rules of Origin

- agree that interim arrangements on rules of origin shall be consistent with the agreement if implemented before the conclusion of the WTO Committee on Rules of Origin’s harmonization work program.

Agreement on Subsidies and Countervailing Measures

- agree to calculate the SCM Annex VII(b) (Developing Country Members Referred to in Paragraph 2(a) of Article 27), which concerns developing countries that qualify for agreement’s exemption, in terms of 3 consecutive years of per capita GNP at or below constant 1990 US$1,000 as based on the most recent World Bank data.
- urge treating developing country policy measures that are aimed at legitimate development goals–such as regional growth, technology research, development funding, production diversification, and development and implementation of environmentally sound production methods–as nonactionable subsidies under the agreement.
- reaffirm that least developed country members are exempt from the prohibition on export subsidies under SCM Art. 3.1(a) (Prohibition, under Part II: Prohibited Subsidies) so that these countries have the flexibility to finance their exporters, consistent with development needs.

Figure 2-2—*Continued*
Summary of the WTO Decision on Implementation-related Issues and Concerns, adopted November 14, 2001

- extend the transition period under SCM Art. 27.4 (Special and Differential Treatment of Developing Country Members), which concerns extension of a developing country's phase out of certain export subsidies within the required 8-year period.

Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)

- direct the TRIPs Council to examine the scope for intellectual property rights complaints under GATT 1994 Art. XXIII:1(b), (c) (Nullification or Impairment), which concerns a contracting party's benefits being impaired regardless of whether any measure conflicts with the GATT 1994, and to make recommendations at the Fifth Ministerial Conference.
- direct full implementation of TRIPs Art. 66.2 (Least-Developed Country Members), which concerns developed country members encouraging technology transfer to least developed countries.

Cross-cutting Issues

- instruct the Committee on Trade and Development to:
- identify nonbinding special and differential treatment provisions to see whether they should be mandatory.
- develop ways to make special and differential treatment provisions more effective.

Outstanding Implementation Issues

- agree to address outstanding implementation issues per WT/MIN(01)/DEC/1 par. 12.

Final Provisions

- request the WTO Director-General to focus WTO technical assistance toward helping developing countries implement their existing WTO obligations, and toward increasing their capacity to participate more effectively in future multilateral trade negotiations.

Source: Compiled by USITC staff from WTO, *Implementation-related Issues and Concerns - Decision of 14 November 2001*, WT/MIN(01)/17, Nov. 20, 2001, Ministerial Conference, Fourth Session, Doha, Nov. 9-14, 2001.

Organization and Management of the Work Program

The negotiations launched at Doha are to conclude by January 1, 2005. A review session is to take place at the Fifth Ministerial Conference, scheduled for September 10-14, 2003, in Cancun, Mexico. Once the results in all areas of the negotiations are concluded, a special session of the ministerial conference will be held to determine their adoption and implementation. To carry out the negotiations, the Doha declaration calls for a Trade Negotiations Committee (TNC) to be established under the WTO General Council.[53]

[53] The TNC held its first meeting on January 31, 2002, and established eight subsidiary negotiating bodies–a mixture of special session groupings of already existing WTO councils and committees, and newly established negotiating groups. These groups are to be valid until the Fifth Ministerial Conference. Disagreements over the TNC chairman, and the chairs of the negotiating bodies, delayed their selection until Feb. 15, 2002. The present WTO Director-General, Mike Moore, was selected to serve as the *ex officio* chairman of the TNC. By a 1999 decision of WTO members, Dr. Supachai Panitchpakdi will succeed Mike Moore as WTO Director-General on Sept. 1, 2002, for a term to continue through Aug. 31, 2005. See WTO, "Governments Set Negotiating Guidelines; WTO DG to Chair TNC," Press/271, Feb. 1, 2002; and "WTO Chairpersons for 2002," Press/273, Feb. 15, 2002, found at Internet address *http://www.wto.org/english/news_e/pres02_e/pr273_e.htm,* retrieved Feb. 25, 2002.

Selected WTO Activities

Dispute Settlement

In the seven years since 1995 that the WTO Dispute Settlement Understanding has been in operation, an increased number of members have brought cases under the integrated dispute-settlement system. In the early years, a greater number of consultations were held (approximately 40 to 45 each year during 1996-1998), followed in later years by the number of consultations subsiding (to approximately 25 to 35 per year during 1999-2001).

Dispute panels

The number of dispute-settlement panels established annually has followed this rising-then-falling pattern, reaching a high of 22 panels established in 1997 and 23 in 1999, before subsiding to 12 and 14 in 2000 and 2001, respectively. Panel reports circulated–the consequent output of the panel process–continues the pattern, lagged for the 12 month to 18 month operating time of a standard dispute panel. Panel reports circulated rose to around 16 in 1999 and 20 in 2000, before falling off to approximately eight reports in 2001.

Appeals panels

The appeals process–a new mechanism established in 1995 by the creation of the WTO Appellate Body–has been used by WTO members to clarify certain findings of law and legal interpretations presented by the dispute-settlement panels in a number of cases. The number of Appellate Body reports circulated increased steadily from 0 to seven between 1995 and 1998, reached 12 and 10 in 1999 and 2000, respectively, and fell in 2001 to seven appeals reports issued.

Arbitration and compliance panels

With the general increase in appeals has also come increased testing of the DSU provisions regarding implementation of and compliance with dispute-panel and Appellate Body rulings. Arbitration panels established to determine the time period a disputant has to carry out a dispute panel's recommendations, have increased steadily since 1995 until reaching seven or eight such arbitration panels annually in 1998-2000. The most recent focus appears to concern DSU Article 21.5 regarding compliance with dispute-panel recommendations. Beginning from zero compliance panel reports during 1995-1998, the number of compliance panel reports issued has increased steadily during 1999-2001 to around five for 2001. In addition, at least half of these compliance panel reports have been appealed, reaching four out of five of the compliance reports under appeal in 2001.

Retaliation

In 2001, members did not seek to further test DSU provisions concerning the ultimate stage of the dispute-settlement process, aimed at redressing a failure or refusal to implement a dispute panel's recommendations: a suspension of concessions, known better as retaliation. In 1999, four cases involved a request to suspend concessions, with authorization granted in two cases. In 2000, one request for retaliation and one authorization to retaliate were carried out.

Membership

Accessions

In 2001 and just beyond, four observer countries completed their accession negotiations to become new WTO members: Lithuania acceded on May 31, Moldova on July 27, the Peoples Republic of China on December 11, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei), which established its accession as of January 1, 2002. (See table 2-1 for WTO membership in 2001.)

Organization for Economic Cooperation and Development

Trade Committee

In 2001, the OECD Trade Committee held three formal meetings in February, April, and October 2001, and an informal meeting in September 2001. In addition to internal matters, the committee members discussed a number of issues, largely in preparation for the prospective launch of a new round of multilateral trade negotiations at the WTO Fourth Ministerial Conference in November 2001.

Committee discussions centered on issues of trade, and economic development. Regarding trade matters, delegates considered current trade and trade policy developments, and the scope for further trade liberalization. In the lead-up to the WTO ministerial conference, committee members focused on matters likely to be central at that meeting: market-access negotiations, implementation of prior WTO obligations, clarification and development of WTO rules and disciplines, and the coherence of multilateral economic policymaking. Trade Committee members also debated issues involving steel in preparation for the OECD Special Meeting at High-Level on Steel Issues, held first in September 2001.[54]

[54] Subsequent high-level meetings on steel have been held in December 2001, February 2002, and March 2002.

Table 2-1
WTO membership, 2001

Albania	France	New Zealand
Angola	Gabon	Nicaragua
Antigua & Barbuda	Gambia	Niger
Argentina	Georgia	Nigeria
Australia	Germany	Norway
Austria	Ghana	Oman
Bahrain	Greece	Pakistan
Bangladesh	Grenada	Panama
Barbados	Guatemala	Papua New Guinea
Belgium	Guinea	Paraguay
Belize	Guinea Bissau	Peru
Benin	Guyana	Philippines
Bolivia	Haiti	Poland
Botswana	Honduras	Portugal
Brazil	Hungary	Qatar
Brunei Darussalam	Iceland	Romania
Bulgaria	India	Rwanda
Burkina Faso	Indonesia	Saint Kitts & Nevis
Burma/Myanmar	Ireland	Saint Lucia
Burundi	Israel	Saint Vincent & the Grenadines
Cameroon	Italy	
Canada	Jamaica	Senegal
Central African Rep.	Japan	Sierra Leone
Chad	Jordan	Singapore
Chile	Kenya	Slovak Rep.
China	Korea, Rep. of	Slovenia
China, Hong Kong	Kuwait	Solomon Islands
China, Macao	Kyrgyz Rep.	South Africa
Chinese Taipei[1]	Latvia	Spain
Colombia	Lesotho	Sri Lanka
Congo, Dem. Rep.	Liechtenstein	Suriname
Congo, Rep.	Lithuania	Swaziland
Costa Rica	Luxembourg	Sweden
Côte d'Ivoire	Madagascar	Switzerland
Croatia	Malawi	Tanzania
Cuba	Malaysia	Thailand
Cyprus	Maldives	Togo
Czech Rep.	Mali	Trinidad & Tobago
Denmark	Malta	Tunisia
Djibouti	Mauritania	Turkey
Dominica	Mauritius	Uganda
Dominican Rep.	Mexico	United Arab Emirates
Ecuador	Moldova	United Kingdom
Egypt	Mongolia	United States of America
El Salvador	Morocco	Uruguay
Estonia	Mozambique	Venezuela
European Community	Namibia	Zambia
Fiji	Netherlands, NL Antilles[2]	Zimbabwe
Finland		

[1] Formally, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei). Chinese Taipei acceded so as to commence its membership as of Jan. 1, 2002.
[2] The Kingdom of the Netherlands is also signatory for the Netherlands Antilles.

Source: WTO, "Members and Observers," found at Internet address *http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm*, retrieved Feb. 25, 2002.

Regarding economic development, committee members considered issues that focused more on developing countries than on OECD member countries, whose membership comprises the world's 30 most industrialized nations. In 2001, the committee deliberated in general on trade and development issues in non-member countries, and more specifically on building up developing countries' capacity to handle increased trade. The delegates also looked into ways to improve the coherence of economic policymaking undertaken by various international institutions aimed at reducing poverty. Delegates also prepared for a joint discussion on development issues with the OECD Development Assistance Committee. Related more broadly to this development focus, the committee also examined the issue of sustainable development and adopted the report of the OECD Joint Working Party on Trade and Environment.

Export Credit Group Negotiations

Negotiations taking place in the OECD Export Credit Group (ECG) reached agreement in July 2001 on a Statement of Principles designed to discourage member governments from awarding officially supported export credits for "unproductive" expenditures in so-called Heavily Indebted Poor Countries (HIPCs).[55] Unproductive expenditures are considered to be non-essential capital goods and projects that do not contribute to social or economic development in the poorest nations, but rather have the effect of increasing these countries' external debt burden. Although these countries are not currently major export-credit markets, such credits have raised external debt in the past. The principles are consistent with the Debt Initiative for Heavily Indebted Poor Countries, led by the World Bank, that aims to reduce these poor countries' debt to sustainable levels, and more broadly with efforts by the OECD member countries to adopt more sustainable trade and development policies. The ECG members agreed to report official export-credit transactions involving these countries and to review them annually.

By December 2001, negotiations in the ECG also reached agreement on a Draft Recommendation on Common Approaches on Environment and Officially Supported Export Credits.[56] The draft urges members to apply common means–set out in the recommendation's annexes–to evaluate the environmental impact of projects when awarding officially supported export credits. The draft includes, by way of example, the environmental impact of such export credits on resettlement, the impact on indigenous or vulnerable groups, and the impact on cultural heritage.

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[55] OECD, "OECD Export Credit Group Discourages Official Support for Unproductive Expenditure in Heavily Indebted Poor Countries: A Statement of Principles," press release, July 19, 2001, found at Internet address *http://www.oecd.org/*, retrieved Feb. 27, 2002.

[56] OECD, *Draft Recommendation on Common Approaches on Environment and Officially Supported Export Credits: Revision 6*, TD/ECG(2000)11/REV6, Dec. 17, 2001, found at Internet address *http://olisnet.oecd.org/*, retrieved Feb. 27, 2002.

CHAPTER 3
Regional Trade Activities

Regional trade activities were an important component of U.S. trade policy during 2001. 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), the Asia Pacific Economic Cooperation (APEC) forum, and the African Growth and Opportunity Act (AGOA).

North American Free Trade Agreement

U.S. Trade with NAFTA Partners

Total U.S. trade with NAFTA partners increased 70 percent over the last three years, with Canada accounting for $361.4 billion in two-way trade and Mexico contributing $221.0 billion in 2001.

The general slowdown in the U.S. economy in 2001, however, is reflected in the NAFTA trade data (table 3-1). Although U.S. imports from NAFTA partners increased 13 percent over the last three years, the $56.5 billion increase in 2000 was partially offset by a $16.5 billion decline in 2001. U.S. exports to NAFTA partners also decreased in 2001 because of the slowdown in their economies. The bulk of U.S. exports to Canada and Mexico consists of intermediate goods and machinery that are used to make articles that are exported to the United States. Over the last three years, the United States experienced a sluggish 3.5 percent increase in exports to NAFTA partners, again because of declining U.S. exports to both Canada and Mexico in 2001. The U.S. trade deficit with NAFTA partners increased by 40 percent over the last three years, from $80.1 billion in 1999 to $112.2 billion in 2001.

Table 3-1
U.S. trade with NAFTA partners, 1999-2001
(Billion dollars)

Year	NAFTA partner	U.S. exports	U.S. imports	Trade balance	Two-way trade
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
2001	Canada	144.6	216.8	-72.2	361.4
	Mexico	90.5	130.5	-40.0	221.0
	Canada and Mexico . . .	235.1	347.3	-112.2	582.4

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

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

Free Trade Commission

The three NAFTA trade ministers held their annual meeting in Washington, D.C., on July 31, 2001. The trade ministers highlighted the successes of NAFTA during its first 7 years, reporting a 128 percent increase in intra-NAFTA trade flows since implementation, increased investment in NAFTA countries, and "millions of job created in the three countries."[1] The ministers expressed continued support for regional and multilateral trade liberalization, including the launching of a new WTO round. They concluded that the trade and investment experiences of NAFTA members "demonstrate decisively that countries of different levels of trade and development benefit from a free trade agreement."

During 2001, NAFTA partners completed their fourth round of accelerated tariff eliminations, implemented on January 1, 2002, on $25 billion worth of NAFTA trade. Accelerated tariff eliminations, provided for under Article 302(3) of the NAFTA, allow for negotiated tariff reductions ahead of the NAFTA schedule. Under the fourth round, the United States will eliminate tariffs on some rubber and plastic footwear items from Mexico. Mexico will eliminate tariffs on goods listed under motor vehicles, electrical and electronic goods, toys, and chemicals. The third round of accelerated tariff eliminations was implemented January 1, 2001. Products liberalized under the third round represented $1 billion worth of NAFTA trade in footwear, chemicals, pharmaceuticals, auto parts, and batteries.[2]

The trade ministers continued working towards liberalization of the NAFTA rules of origin. They tentatively agreed to liberalize rules of origin for alcoholic beverages, petroleum/topped crude, esters of glycerol, pearl jewelry, headphones with microphones, and chassis fitted with engines. The ministers reviewed NAFTA Chapter 11, investor-state dispute resolution.[3] The ministers clarified provisions under Article 1120(2) concerning timely public access to documents submitted for arbitration under Chapter 11, with necessary exceptions for business confidential information or privileged or protected information. They reaffirmed that Chapter 11 provisions require "minimum standard of treatment in accordance with international law" under Article 1105(1).

Commission for Labor Cooperation

The Commission for Labor Cooperation (CLC) was formed under the North American Agreement on Labor Cooperation (NAALC). The NAALC is a side-agreement of NAFTA and was implemented on January 1, 1994. The goal of the NAALC is to "improve working conditions and living standards, and commit [member countries] to

[1] USTR, "Joint Statement of the NAFTA Free Trade Commission, Building on a North American Partnership," press release 01-59, July 31, 2001.

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

[3] USTR, "Free Trade Commission Clarifications Related to NAFTA Chapter 11," July 31, 2001, found at Internet address *http://www.ustr.gov*, retrieved Jan. 8, 2002.

promoting eleven labor principles to protect, enhance and enforce basic workers' rights."[4] The NAALC Ministerial Council consists of the U.S. Department of Labor, Human Resources Development Canada, and the Secretaria del Trabajo y Prevision Social. The CLC consists of the supporting Secretariat. Each member country has a National Administrative Office (NAO). The NAO offices receive petitions alleging violations of labor laws in NAFTA partner countries. If the petition is accepted by the NAO, there is a hearing and a review process. The NAO issues a Public Report of Review with its recommendations.

Twenty-four petitions have been filed at NAOs since January 1, 1994.[5] Sixteen of the 24 petitions were filed with the U.S. NAO alleged labor law violations on freedom of association, illegal child labor, pregnancy-based gender discrimination, minimum employment standards, safety and health issues, and compensation in cases of occupational illness and injury in Mexico or Canada. Fourteen of the U.S. NAO petitions alleged Mexican labor law violations, with two cases filed against Canada. Five petitions against the United States were filed with the Mexican NAO. Three petitions filed with the Canadian NAO included two cases against Mexico and one against the United States.

The U.S. NAO issued a Public Report of Review on April 6, 2001, regarding the petition U.S. NAO 2000-01 (Auto Trim/Custom Trim).[6] The report recommended the U.S. Secretary of Labor consult with the Mexican labor secretary regarding allegations of unsafe and hazardous working conditions in two Mexican automobile factories named in the petition. Twelve of the petitions received by NAOs since 1994 have been referred to ministerial consultations. Only one new petition was received by an NAO in 2001 (U.S. NAO 2001-01 Duro Bag).

Commission for Environmental Cooperation

The Commission for Environmental Cooperation (CEC) was formed under the North American Agreement for Environmental Cooperation (NAAEC). The NAAEC is a side-agreement of NAFTA and was implemented on January 1, 1994. The goal of the NAAEC is to "enhance cooperation and public participation in the preservation, protection, and enrichment of North America's natural environment."[7] The CEC distributed 17 research grants totaling $400,000 in 2001. CEC-funded research proposals in 2001 fell into two broad categories: conservation and sustainable use of bio-diversity involving Marine Protected Areas, and enhancing community access to information and participation in addressing issues related to children's health and the

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[4] USTR, "NAFTA Organizations," found at Internet address *http://www.ustr.gov*, retrieved Jan. 8, 2002.

[5] U.S. Department of Labor, "Status of Submissions," found at Internet address *http://www.dol/gov/dol/ilab/public/programs/nao*, retrieved Jan. 8, 2002.

[6] North American Commission for Labor Cooperation, "Communications Submitted to the United States National Administrative Office (NAO)," found at Internet address *http://www.naalc.org*, retrieved Nov. 26, 2001.

[7] USTR, "NAFTA Organizations," found at Internet address *http://www.ustr.gov*, retrieved Jan. 8, 2002.

environment. Twelve of the CEC-funded research projects for 2001 were single country proposals; five were in Canada, four were in Mexico, and three were in the United States. Two proposals were for joint projects between the United States and Mexico. Two proposals were for joint projects between the United States and Canada. One of the funded research proposals in 2001 was trinational.

The CEC issued its first State of the Environment Report.[8] The report contains conclusions regarding environmental issues facing the three NAFTA partners. According to the report, current measures of economic progress in the NAFTA partner countries, like GDP, do not accurately measure the "true cost" of development. The report states that natural disasters are becoming more frequent and more expensive, and poor people are hit the hardest by environmental problems. The report expresses concern regarding the sustainability of North American fisheries, and notes that North American transportation growth is following unsustainable trends. Although soil erosion in North America is declining, the CEC reports that the threat of drought is rising. Canada and the United States are the largest per capita water users in the world, according to the CEC report.

Dispute Settlement

Six binational panels were formed in 2001 under provisions of NAFTA Chapter 19, which provides for review and dispute settlement in antidumping and countervailing duty matters. One review regarding a U.S. agency's final determination of circumvention of the antidumping duty order on certain cut-to-length carbon steel plate from Canada was terminated without issuance of a binational panel decision.[9] Five of the six Chapter 19 reviews begun by NAFTA binational panels in 2001 were active on January 1, 2002 (table 3-2). All five relate to U.S. agencies' determinations[10] on products from Mexico.[11]

Two NAFTA Chapter 19 binational panels issued decisions in 2001. A panel decision was issued on August 3, 2001, against a dumping determination by the Mexican Secretaria de Economia regarding imports of high-fructose corn syrup (HFCS) originating in the United States.[12] The binational panel found that the Mexican agency failed to establish threat of injury to the Mexican sugar industry by imports from the United States. The Secretaria de Economia was requested to terminate collection of duties on HFCS imports from the United States and to refund antidumping duties

[8] Commission for Environmental Cooperation, "The North American Mosaic: A State of the Environment Report," news release, Jan. 7, 2002, found at Internet address *http://www.cec.org,* retrieved Jan. 8, 2002.

[9] Certain cut-to-length carbon steel plate (USA-CDA-2001-1904-01).

[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.

[11] USA-MEX-2001-1904-02, USA-MEX-2001-1904-03, USA-MEX-2001-1904-04, USA-MEX-2001-1904-05, and USA-MEX-2001-1904-06.

[12] High-fructose corn syrup (USA-MEX-98-1904-01).

Table 3-2
NAFTA Chapter 19 binational panels, active reviews in 2001

NAFTA Country	Case	National agencies' final determination[1]	Product description
Canada	CDA-MEX-99-1904-01	Injury	Certain hot-rolled carbon steel plate, originating in or exported from Mexico
	CDA-USA-2000-1904-01	Dumping	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-2000-1904-02	Injury	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-2000-1904-03	Dumping	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-2000-1904-04	Injury	Certain refrigerators, dishwashers, and 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
Mexico	MEX-USA-98-1904-01	Dumping	Imports of high-fructose corn syrup originating in the United States of America
	MEX-USA-00-1904-01	Dumping	Imports of urea originating in the United States of America
	MEX-USA-00-1904-02	Dumping	Bovine carcasses and half carcasses, fresh or chilled originating in the United States of America
United States	USA-97-1904-01	5th Antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-98-1904-02	6th Antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-98-1904-04	10th Antidumping duty administrative review	Porcelain-on-steel cookware from Mexico

See footnotes at end of table.

Table 3-2—Continued

NAFTA Chapter 19 binational panels, active reviews in 2001

NAFTA Country	Case	National agencies' final determination[1]	Product description
United States-Contiuned	USA-MEX-98-1904-05	Final scope ruling - antidumping order	Circular welded non-alloy steel pipe from Mexico
	USA-MEX-99-1904-03	7th Antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-99-1904-05	11th Antidumping duty administrative review	Porcelain-on-steel cookware from Mexico
	USA-MEX-2000-1904-03	8th Antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-2000-1904-04	12th Antidumping duty administrative review	Porcelain-on-steel cookware from Mexico
	USA-MEX-2000-1904-05	Full sunset review of antidumping duty order	Gray portland cement and clinker from Mexico
	USA-CDA-2000-1904-06	Full sunset review of antidumping duty order	Pure magnesium from Canada
	USA-CDA-2000-1904-07	Full sunset review of antidumping duty order	Pure magnesium and alloy magnesium from Canada
	USA-CDA-2000-1904-09	5-year reviews of countervailing duty and antidumping duty orders	Magnesium from Canada
	USA-MEX-2000-1904-10	Full review of antidumping duty order	Gray portland cement and clinker from Mexico
	USA-CDA-2000-1904-11	5-year reviews of countervailing duty and antidumping duty orders	Carbon steel products from Canada

See footnotes at end of table.

Table 3-2—Continued
NAFTA Chapter 19 binational panels, active reviews in 2001

NAFTA Country	Case	National agencies' final determination[1]	Product description
United States-Continued	USA-MEX-2001-1904-02	Final results of the 13th antidumping duty administrative review	Porcelain-on-steel cookware from Mexico
	USA-MEX-2001-1904-03	Final results of the full sunset review of the antidumping duty order	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-04	Final results of the 9th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-MEX-2001-1904-05	Final results of the 4th antidumping duty administrative review and determination not to revoke	Oil country tubular goods from Mexico
	USA-MEX-2001-1904-6	Final results of the 5-year review of the antidumping duty order	Oil country tubular goods from Mexico

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

Source: NAFTA Secretariat, found at Internet address http://www.nafta-sec-alena.org, retrieved Jan. 8, 2002.

already collected. Another binational panel decision was issued on March 20, 2001, accepting a remand request by the U.S. Department of Commerce to address questions raised regarding calculations made by the agency in its administrative review of an antidumping order on corrosion-resistant carbon steel flat products from Canada.[13]

A NAFTA Chapter 20[14] arbitral panel decision was issued on February 6, 2001, against the United States regarding Mexican cross-border trucking services and investment.[15] The arbitral panel unanimously determined that "the U.S. blanket refusal to review and consider for approval any Mexican-owned carrier applications for authority to provide cross-border trucking services was and remains a breach of the U.S. obligations under Annex I, Article 1202, and Article 1203 of NAFTA."[16] The arbitral panel recommended that the United States take appropriate steps to comply with its obligations under the cited provisions of the NAFTA.

Ongoing disputes between the United States and Mexico on cross-border trucking and U.S. exports of HFCS to Mexico are discussed in detail in the Mexico section of Chapter 4. The dispute between Canada and the United States on U.S. softwood lumber imports from Canada is discussed in the Canada section of Chapter 4.

Free Trade Area of the Americas

At the December 1994 First Summit of the Americas in Miami, Florida, the 34 democratically elected heads of state of the Western Hemisphere (all of the countries in the hemisphere, except Cuba) committed to forming a comprehensive free trade area, the Free Trade Area of the Americas (FTAA) by 2005. Two-way merchandise trade (exports plus imports) between the United States and the 33 other FTAA countries amounted to $699 billion in 2001, with more than 80 percent taking place between the United States and NAFTA partners Canada and Mexico ($620 billion).

Background

Following several years of preparations, FTAA negotiations were launched formally in April 1998. Trade ministers of the respective FTAA countries are responsible for the ultimate oversight and management of the negotiations. The trade ministers established the trade negotiations committee (TNC) at the vice-ministerial level to provide more direct guidance and administrative responsibilities for the FTAA

[13] Corrosion-resistant carbon steel flat products (USA-CDA-98-1904-01).

[14] Chapter 20 of NAFTA applies to all disputes except those arising under Chapter 19, and as otherwise provided for in the Agreement.

[15] Cross-border trucking services and investment (USA-98-2008-01).

[16] NAFTA Secretariat, "NAFTA Arbitral Panel Established Pursuant to Chapter 20 in the Matter of Cross-Border Trucking Services," found at Internet address *http://www.nafta-sec.alena.org*, retrieved Jan. 9, 2002.

negotiations. The trade ministers also created nine FTAA negotiating groups that have specific mandates from the ministers and the TNC to negotiate text in their subject areas. The nine negotiating groups are for: (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. Also four FTAA non-negotiating groups focus on specific technical or administrative issues: (1) technical committee on institutional issues; (2) committee of government representatives on the participation of civil society; (3) consultative group on smaller economies; and (4) joint private-public sector committee of experts on electronic commerce.[17]

Status of the Negotiations

At their sixth meeting in April 2001 in Buenos Aires, Argentina, the FTAA trade ministers reviewed the draft FTAA texts prepared by the negotiating groups and recommended to their heads of state that the consolidated draft text be made available to the public. Ministers instructed the TNC to intensify efforts to prepare a second version of the draft agreement with a view to eliminating the brackets (portions of the draft text where the FTAA countries were not in agreement) from the draft text, to the maximum extent possible. Ministers also highlighted the need to foster dialogue with civil society (i.e., nongovernmental entities, institutions, and organizations), and reiterated the importance of the provision of technical assistance to smaller economies to facilitate their participation in the FTAA.[18]

The Third Summit of the Americas was held April 20-22, 2001, in Quebec City, Canada. At that meeting, the heads of state of the FTAA countries confirmed their intention to conclude FTAA negotiations no later than January 2005, and to seek entry into force of the agreement as soon as possible thereafter, but by no later than December 2005. To that end, the heads of state committed to initiate tariff negotiations no later than May 2002. The heads of state also agreed to make available to the public the consolidated draft text of the FTAA agreement, which was done on July 3, 2001.[19] USTR subsequently issued a *Federal Register* notice inviting public comments on the draft FTAA text.[20] The FTAA committee of government representatives on the participation of civil society also subsequently issued its third open invitation to civil society for public comments on all aspects of the FTAA.[21]

[17] For a description of FTAA developments through 2000, see USITC, *The Year in Trade, 2000*, USITC Publication 3428, pp. 3-7 to 3-9.

[18] Sixth Meeting of Ministers of Trade of the Hemisphere, Ministerial Declaration, Apr. 7, 2001, found at Internet address *http://www.ftaa-alca.org/ministerials/BAmin_e.asp,* retrieved Feb. 11, 2002.

[19] The draft agreement is available at Internet address *http://www.ftaa-alca.org/alca_e.asp.*

[20] 66 F.R. 36614.

[21] FTAA committee of government representatives on the participation of civil society, "Open Invitation to Civil Society in FTAA Participating Countries," FTAA.soc/09, Nov. 1, 2001, found at Internet address *http://www.ftaa-alca.org/alca_e.asp,* retrieved Feb. 11, 2002.

The TNC held its 9th meeting on September 26-28, 2001, in Managua, Nicaragua. At that meeting, the TNC reviewed the progress to date in the negotiating groups, and provided guidelines to the groups aimed at promoting the participation of smaller and less developed countries in the FTAA process through such means as technical assistance and capacity building.[22]

United States-Chile Free Trade Agreement Negotiations

Negotiations for a United States-Chile Free Trade Agreement (FTA) began in Washington, D.C., on December 6, 2000[23]—nearly 6 years after the initial plan for an FTA with Chile.[24] With negotiations under way, President Bush and Chilean President Ricardo Lagos stated in an April 2001 meeting that a U.S.-Chile FTA could be completed by the end of that year[25] although several key issues remained to be addressed, reportedly including agriculture, intellectual property, labor, the environment, and trade remedy laws.[26] USTR released its draft environmental review of the U.S.-Chile FTA for public comment on November 7, 2001.[27]

At their 10th round of negotiations in January 2002, lead negotiators for the United States and Chile reported that an 11th round of negotiations was scheduled for April 2002 to address issues that had not been addressed in detail in the previous rounds, including market access for both agricultural and industrial products, labor,

[22] USTR. "Fact Sheet: Accomplishments of the FTAA TNC Meeting," September 26-28, 2001, found at Internet address *http://www.ustr.gov/regions/whemisphere/2001-09-26_TNC.PDF,* retrieved Feb. 11, 2002.

[23] 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.

[24] The leaders of the United States, Canada, and Mexico announced on Dec. 11, 1994, their intention to begin negotiations for Chile's eventual accession to NAFTA. 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 U.S. inability to secure so-called fast-track negotiating authority. For further discussion, see USITC, *The Year in Trade, 2000*, June 2001, publication No. 3428, p. 4-53.

[25] The White House, "Remarks by the President in Photo Opportunity with President Lagos of Chile, The Oval Office," Office of the Press Secretary, Apr. 16, 2001.

[26] "Bush, Lagos Want to See U.S.-Chile FTA Done by End of Year," *Inside U.S. Trade*, Apr. 20, 2001.

[27] Pursuant to Executive Order 13141 of Nov. 18, 1999 (64 F.R. 63169), the United States requires that an environmental review be conducted of certain major trade agreements. USTR and the White House Council on Environmental Quality oversee implementation of the Executive Order. Seventeen U.S. government agencies participate in the review process. The Trade Policy Review Group (TPRG) and the Trade Policy Staff Committee (TPSC), administered and chaired by USTR, are the subcabinet interagency trade policy coordination groups that supervise the environmental review process. Consultations also are conducted with the U.S. Congress, advisory committees, state and local government officials, and the public regarding the potential environmental concerns and benefits associated with the FTA. USITC is a nonvoting member of the TPSC and an observer at TPRG meetings. USTR initiated the environmental review process for the U.S.-Chile FTA on Dec. 19, 2000, through a request for public comment on the scope of the review (65 F.R. 79442).

environment, dispute settlement, and investment. A 12th round of negotiations was scheduled for May 2002.[28]

U.S. exports to Chile totaled $3.2 billion in 2001, a decline of 11.3 percent from 2000, while U.S. imports from Chile totaled $3.3 billion, a 0.7 percent increase from 2000. Chile ranked as the 33rd largest world export market for the United States in 2001, behind Turkey and Sweden, but ahead of South Africa and Russia. Chile ranked as the 39th largest U.S. supplier in 2001, behind Denmark and Finland, but ahead of Honduras and Turkey.[29]

Asia Pacific Economic Cooperation forum

Since its inception in November 1989, the Asia Pacific Economic Cooperation forum (APEC) has grown into a regional institution of 21 members. Organizationally, APEC has some 16 special committees and working groups whose work is overseen by Senior Officials. APEC holds Leaders' meetings and meetings of trade and economic Ministers annually. APEC's chairmanship rotates among the members. In 2001, China held the chairmanship and hosted the Leaders' and Ministerial meetings during October 17-21 in Shanghai.[30]

Since 1997, APEC has focused on the Osaka Action Agenda (OAA), a blueprint for implementing the Bogor goals of trade and investment liberalization, business facilitation, and economic and technical cooperation.[31] This work has met with mixed results. The developing economies believe that liberalization has been over-emphasized in the APEC agenda. These economies want economic and technical cooperation including human resource development and capacity building.[32]

In 2001, APEC's Leaders and Ministers agreed to combat terrorism through an enhanced liberalization drive following the September 11 terrorist attacks. The officials also called for the launch of a new trade liberalization round at the World Trade Organization.[33] This was a reiteration of APEC's commitment in 2000. The statement on terrorism was important because APEC was the first major international meeting since the terrorist attacks. This was the first political statement by the organization and it

[28] USTR, "Chile and the United States Agree on Further Rounds of FTA Negotiations," press release 2002-11, Jan. 25, 2002; and "Chile and the United States Agree on Further Rounds of FTA Negotiations," press release 2002-26, Feb. 28, 2002.

[29] Trade data obtained from USITC Data Web, found at Internet address *http://dataweb.usitc.gov/*, retrieved Feb. 25, 2002.

[30] U.S. Department of State, "The United States and Asia-Pacific Economic Cooperation (APEC)," found at Internet address http://usinfo.state.gov/regional/ea/apec, retrieved Oct. 18, 2001.

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

[32] U.S. Department of State, "Fact Sheet: APEC Overview and Background," found at Internet address *http://usinfo.state.gov/regional/ea/apec/apecall.htm*, retrieved Oct. 18, 2001.

[33] U.S. Department of State, "The Thirteenth APEC Ministerial Meeting, Shanghai, Oct. 17-18," found at Internet address *http://usinfo.state.gov/admin/022/wwwhapecmin2001.html*, retrieved Oct. 18, 2001.

provided an opportunity for the region to show that it is working together. Many APEC representatives stressed the need for pushing ahead with trade liberalization, especially since the global economy is moving towards recession.[34]

With regard to other matters, APEC Leaders indicated that they are "determined to work together for a more dynamic and prosperous Asia Pacific by promoting sustainable economic growth, sharing the benefits of globalization and the New Economy, and advancing trade and investment liberalization and facilitation."[35] In this regard, the Leaders noted that they intended to adopt pro-growth fiscal and monetary policies. In addition, they noted the importance of APEC's work towards more open and stronger economies.

The Leaders welcomed the progress that APEC has made in advancing Ecotech[36] goals and commended the submission of Ecotech Action Plans by individual member economies. Ministers were asked to expand on the Ecotech Action Plans in the future. In other areas of Ecotech, the Leaders endorsed the APEC Strategy for Combating Infectious Disease. Ministers were instructed to build on APEC's Integrated Plan of Action for SMEs.[37]

In the area of e-commerce, APEC's goal is to build towards a digital society that will bring equal opportunities and widely shared benefits for all member economies and individuals.[38]

APEC acknowledges that there is ongoing debate on the benefits and costs of globalization. According to APEC Leaders, "The time has come for APEC to come forward and lead the public debate in a constructive manner." As such, APEC officials are instructed to convene an APEC Dialogue on Globalization and Shared Prosperity focusing on structural adjustment and its impact. APEC is to reach out to businesses, including small and medium-sized enterprises to ensure that they participate and benefit from the APEC process.[39]

In the Shanghai Accord, attached to the Leaders' statement, APEC Leaders committed to:

- broadening and updating the OAA to reflect fundamental changes in the global economy through implementation of relevant aspects of e-APEC strategy;

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[34] "APEC Ministers to Aim for New Trade Talks Launch in Nov.," Tokyo Jiji Press, Oct. 17, 2001, found at Internet address *http://199.221.15.211/egi-bin/cqeg. . .ofiled]=1&CQ_SAVE[Cache_Counter]=2,* retrieved on Oct. 17, 2001.

[35] APEC, "Leaders' Declaration," Oct. 21, 2001.

[36] In 1996, APEC adopted a Framework for Strengthening Economic Cooperation and Development and agreed that the goals of ECOTECH are: to attain growth and equitable development in the Asia-Pacific region, to reduce disparities among APEC economies, to improve economic and social well-being of the people, and to deepen the spirit of the community in the Asia-Pacific. APEC Secretariat, found at Internet address *http://apec.sec.org.sg/,* retrieved on Apr. 8, 2002.

[37] Ibid.

[38] Ibid.

[39] Ibid.

- adopt a pathfinder approach in advancing some APEC initiatives. Use of "pathfinder initiatives" based on a group of members piloting the implementation of the initiatives will invigorate progress towards the Bogor goals and provide a framework to encourage broader participation through enhanced capacity-building programs.

- promoting the adoption of appropriate trade policies for the New Economy. APEC officials are instructed to undertake by mid-2002 an exchange of appropriate trade policy information, such as information on liberalization of services and adherence to tariff and intellectual property regimes.

- follow-up on trade facilitation principles. Ministers are instructed to identify by the 2002 Ministerial meeting concrete actions and measures to implement the APEC Trade Facilitation Principles by 2006 in close partnership with the private sector.

- adoption of transparency principles. Ministers are directed to pursue the implementation of APEC's agreed transparency principles, taking into account economies' specific circumstances and report on the progress in their Individual Action Plans (IAP) in 2002 and thereafter.

- strengthening the IAP Peer Review Process. Leaders encouraged member economies to volunteer their IAPs for peer review on the basis of the new approach.

- strengthening Ecotech and capacity-building efforts. Leaders recognize the importance of substantially enhancing the profile of Ecotech and improving coordination and management of Ecotech activities in all fora.[40]

Mexico will host APEC's 14th Ministerial Meeting in 2002, followed by Thailand in 2003, Chile in 2004, and Korea in 2005.[41]

African Growth and Opportunity Act

On May 18, 2000, the President signed into law the African Growth and Opportunity Act (AGOA), Title 1 of the Trade and Development Act of 2000 (Public Law 106-200). The Act authorizes the President to provide duty-free treatment under GSP for certain articles that are products of designated sub-Saharan African countries if, after receiving advice from the United States International Trade Commission (USITC), he determines that such articles are not import sensitive in the context of imports from

[40] APEC, "APEC Economic Leaders' Declaration," Shanghai, China, Oct. 21, 2001, found at Internet address *http://www.apecsec.org.sg/virtuallib/econlead/china.html,* retrieved Oct. 22, 2001.

[41] U.S. Department of State, "The Thirteenth APEC Ministerial, Meeting, Shanghai, Oct. 17-18," found at Internet address *http://usinfo.state.gov/admin/022/wwwhapecmin2001.html*, retrieved Oct. 18, 2001.

these countries.[42] The legislation authorizes the President to designate countries as eligible to receive the trade benefits of AGOA if they are determined to have established, or are making continual progress toward establishing a market-based economy, the rule of law, the elimination of barriers to U.S. trade and investment, economic policies to reduce poverty, the protection of internationally recognized workers' rights, and a system to combat corruption. The benefits of AGOA are potentially available to 48 countries in sub-Saharan Africa.[43]

On October 2, 2000, the President issued Proclamation 7350 designating 34 sub-Saharan African countries as eligible for the trade benefits of AGOA. On January 18, 2001, Swaziland was designated as the 35th AGOA-eligible country.[44] Sub-Saharan African beneficiary countries must undergo an annual review of their status. This annual determination signifies which countries are making continued progress toward a market-based economy, rule of law, free trade, economic policies that will reduce poverty, and protection of workers' rights. On December 31, 2001, the President approved the designation of 35 sub-Saharan African countries as eligible for tariff preferences under the AGOA annual review.[45]

Some $7.6 billion in duty-free imports entered under the AGOA program in 2001, accounting for almost 45 percent of total U.S. imports from AGOA beneficiaries. Nigeria was the leading AGOA beneficiary in 2001, followed by Gabon and South Africa. AGOA imports were dominated by U.S. purchases of energy-related products in 2001. The remaining AGOA imports were comprised of smaller quantities of textiles and apparel, transportation equipment, minerals and metals, and agricultural products. Appendix table A-39 shows the leading AGOA products or product categories in 2001, and table A-40 shows the overall country distribution of AGOA benefits.

Apparel Provisions

AGOA provides for duty-free and quota-free access to the U.S. market without limits for apparel made in beneficiary sub-Saharan African countries from U.S. fabric, yarn, and thread. It also provides for substantial growth of duty-free and quota-free apparel imports made from fabric produced in sub-Saharan African beneficiary

[42] In October 2000, the USITC issued a report on *Advice on Providing Additional GSP Benefits for Sub-Saharan Africa*. After taking into account the Commission's advice and the results of a public hearing, on December 21, 2000, the President issued Proclamation 7388 extending duty-free treatment under the Generalized System of Preferences (GSP) to AGOA-eligible countries for more than 1,800 tariff line items in addition to the standard GSP list of approximately 4,600 items. The legislation significantly expands GSP benefits for eligible sub-Saharan African countries until September 30, 2008. Sub-Saharan African beneficiary countries are also exempted from the competitive-need limitations of the GSP program.

[43] "The African Growth and Opportunity Act," found at Internet address *http://www.agoa.gov/About_AGOA/about_agoa.html*, retrieved Feb. 13, 2002.

[44] 66 F.R. 15.

[45] White House, "President Approves Tariff Preferences," found at Internet address *http://www.white house.gov/news/releases/2002/20020102-4.html,* retrieved Feb. 11, 2002.

countries. Apparel imports made with African fabric and yarn are subject to a cap of 1.5 percent of overall U.S. apparel imports, growing to 3.5 percent of overall imports over an 8-year period. The cap is measured in square meter equivalents (SME's), and has no dollar equivalent. Under a Special Rule for Lesser Developed Beneficiary Countries (LDBC), those countries with a per capita GNP under $1,500 in 1998 will enjoy duty-free access for apparel made from fabric originating anywhere in the world until September 30, 2004. Apparel imported under the Special Rule is counted against the cap.[46] The U.S. Secretary of Commerce is directed to monitor apparel imports on a monthly basis to guard against surges. If increased imports are causing or threatening serious damage to the U.S. apparel industry, the President is to suspend duty-free treatment for the article in question. Preferential treatment for apparel took effect on October 1, 2000, however beneficiary countries must first establish that they have effective visa and enforcement mechanisms to prevent illegal transhipment. As of April 23, 2002, the U.S. Trade Representative has determined that 17 sub-Saharan African countries are eligible for the AGOA apparel provisions, and 12 of these countries are eligible for the Special Rule for apparel benefits.[47]

U.S. exports to the AGOA beneficiary countries in 2001 totaled $6.2 billion, or more than 90 percent of U.S. exports to sub-Saharan Africa. Principal export items were aircraft and parts, machinery and mechanical appliances, motor vehicles and vehicle parts, electrical machinery and equipment, and cereals. U.S. imports from the 35 AGOA beneficiaries in 2001 were $17.3 billion or about 82 percent of total imports from sub-Saharan Africa. The leading import items were mineral fuels and oils, precious metals and minerals, articles of apparel and clothing accessories, ores, and organic chemicals. Apparel imports from AGOA beneficiary countries increased by 29 percent in 2001 to $938.7 million. The countries that had the largest increases in apparel imports were Lesotho (an increase of $76.6 million or 54.7 percent), Madagascar (an increase of $68.7 million or 62.7 percent), South Africa (an increase of $32.5 million or 23.1 percent), Kenya (an increase of $20.5 million or 46.7 percent), and Swaziland (an increase of $16.2 million or 50.9 percent).[48]

AGOA Forum

The first U.S.-Sub-Saharan African Trade and Economic Cooperation Forum was held in Washington, D.C., during October 29-30, 2001. The Forum was hosted by the Secretaries of State, Treasury, and Commerce, and the U.S. Trade Representative. Trade, Foreign Affairs, and Finance Ministers from 35 eligible sub-Saharan African

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[46] "The African Growth and Opportunity Act", found at Internet address *http://www.agoa.gov/About_AGOA/about-agoa.html,* retrieved Feb.13, 2002.

[47] The 17 countries are Botswana, Cameroon, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Senegal, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Four of these countries–Botswana, Mauritius, Namibia, and South Africa–are not eligible for the Special Rule for apparel benefits. See "African Growth and Opportunity Act Country Eligibility List," found at Internet address *http://www.agoa.gov/Eligibility/eligibility.htm*, retrieved Mar. 23, 2002.

[48] See chapter 5, for additional information.

countries participated, along with representatives from African regional organizations. President Bush addressed the forum, which he established on May 16, 2001, to complement the African Growth and Opportunity Act.[49] The Forum was established as a vehicle for regular dialogue between the United States and sub-Saharan African countries on issues of economics, trade, and investment. In his address, the President announced the creation of a $200 million Overseas Private Investment Corporation (OPIC) support facility that will give American firms access to loans, guarantees, and political risk insurance for investment projects in sub-Saharan Africa. He also announced the establishment of a Trade and Development Agency (TDA) regional office in Johannesburg and the Trade for African Development and Enterprise Program, both to provide guidance and assistance to governments and companies that seek to liberalize their trade laws, improve the investment environment, and take advantage of AGOA.

The focus of the Forum was on discussing further measures that the United States and sub-Saharan African countries can jointly take to stimulate economic growth and trade, enhance democracy and good governance, and combat HIV/AIDS. During the Forum, U.S. officials emphasized the United States' strong commitment to sub-Saharan Africa and noted the initial success of AGOA. United States and sub-Saharan African delegates underscored the necessity of good governance, rule of law, and political freedom to attract investment and achieve economic growth. The use of African co-chairs and active question and answer sessions allowed sub-Saharan African officials the opportunity to speak openly about the benefits and challenges of AGOA.[50]

On October 30, 2001, U.S. Trade Representative Zoellick signed two agreements–a U.S.-Nigerian Joint Declaration on Electronic Commerce and a Trade and Investment Framework Agreement (TIFA) between the United States and the Common Market for Eastern and Southern Africa (COMESA). The TIFA represents the first agreement between the United States and a regional organization in sub-Saharan Africa.[51]

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[49] USTR, "President Bush and USTR Zoellick Open First U.S.-Sub-Saharan Africa Trade Forum," found at Internet address *http://www.ustr.gov/releases/2001/10/01-90.htm,* retrieved Feb. 15, 2002.

[50] "The First U.S.-Sub-Saharan African Trade and Economic Cooperation Forum," found at Internet address *http://www.agoa.gov/AGOA_Update/agoa_update.html,* retrieved Feb. 19, 2002.

[51] USTR, "Remarks on the Signing of the U.S.-COMESA Trade and Investment Framework Agreement," Oct. 29, 2001.

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 2001: the European Union (EU), Canada, Mexico, Japan, China, Taiwan, Korea, and Brazil. Appendix tables A-1 through A-24 provide detailed information on U.S. trade with these eight major partners.

European Union

The United States and the EU continued to address an active trade agenda in 2001, marked both by agreements and disputes. In April 2001, U.S. and EU officials reached an agreement that settled the longstanding dispute over the EU's banana import regime. The United States and EU also successfully coordinated their positions to help launch a new WTO round of multilateral trade negotiations in Doha in November 2001. To address technical barriers to trade, the two sides made progress in developing guidelines for regulatory cooperation.

However, problem areas remained, including the EU biotechnology regulatory approach, U.S. steel policy, and U.S. special tax treatment of foreign sales corporations (FSCs). Since 1998, the EU has imposed a moratorium on approvals of agricultural biotechnology products, which has adversely affected U.S. exports and delayed the development and implementation of new biotechnologies. In the case of steel, in December the USITC submitted its findings and remedy recommendations in its global safeguard investigation regarding steel imports, which the USITC conducted at the request of the USTR and the Committee on Finance of the U.S. Senate.[1] The EU quickly rejected "any unilateral restriction on [U.S. steel] imports" and warned that "the EU would have no alternative but to examine all options, both multilateral and bilateral, to protect the EU industry from the consequences of U.S. action."[2]

In potentially the largest U.S.-EU dispute in terms of trade affected, the WTO dispute-settlement process continued throughout 2001 in response to an EU complaint that U.S. tax treatment of FSCs violates U.S. WTO obligations. The United States repealed the FSC rules and enacted the Extraterritorial Income Exclusion Act of 2000 (ETI), but in August 2001, the WTO found the ETI to be WTO-inconsistent, and the United States appealed the finding.

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[1] For more information, see chapter 5.

[2] European Commission, "EU Ready to Take All Necessary Steps to Keep Foreign Markets Open to European Steel and to Prevent Flood of Imports Into EU if US Goes Down Blatantly Protectionist Road," press release IP/01/1831, Dec. 13, 2001; and Pascal Lamy, European Commissioner for Trade, "Steeling the EU-US Relationship for the Challenges Ahead," speech before the Woodrow Wilson International Center for Scholars, Washington, D.C., Jan. 25, 2002.

In addition to its active trade relationship with the United States, the EU addressed major domestic initiatives that have implications for the United States. During the year, the EU made extensive preparations for the introduction of euro notes and coins on January 1, 2002, in 12 of the 15 EU member states (all but Denmark, Sweden, and the United Kingdom). The euro is the single currency of European Monetary Union. Also, the EU continued to conduct intense negotiations with countries that have applied to join the EU. Up to 10 of these countries, primarily Central and Eastern European countries, could join the EU as early as 2004.

U.S. trade with the EU totaled $366 billion in 2001, making it the United States' largest trading partner. In 2001, the EU was both the number one destination for U.S. exports and the largest source of U.S. imports. U.S. exports to the EU declined to $147 billion in 2001, down 3 percent from 2000. U.S. imports from the EU remained fairly stable at $219 billion, resulting in a $72 billion U.S. trade deficit with the EU in 2001. Leading U.S. exports to the EU during the year included aircraft and aircraft parts, parts of automated data processing machines, and certain medicaments. Leading U.S. imports from the EU included passenger cars, certain medicaments, and aircraft and aircraft parts. U.S.-EU trade data are shown in tables A-1 through A-3.

Bananas

On April 11, 2001, the United States and EU reached an agreement ending a longstanding dispute over the EU's banana import regime. On July 1, 2001, the EU implemented a new system for importing bananas and the United States lifted retaliatory tariffs imposed in 1999 on imports from the EU.

Background[3]

On July 1, 1993, the EU implemented a new EU-wide banana import regime that granted preferential treatment to bananas from domestic producers and from producers in former European colonies in Africa, the Caribbean, and the Pacific (ACP) countries.[4] 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.

Since 1993, a series of GATT and WTO dispute-settlement panels have found the EU regime for the importation, sale, and distribution of bananas to be contrary to WTO rules. In 1999, the WTO authorized the United States to suspend concessions to the EU valued at $191.4 million. To replace the WTO-inconsistent regime, the EU proposed a

[3] For more details, see USITC, *The Year in Trade: OTAP, 2000*, USITC publication 3428, pp. 4-7 to 4-12; and USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, pp. 56-57.

[4] EC Regulation 404/93, *Official Journal,* L 47, Feb. 25, 1993.

transitional system of tariff-rate quotas followed by a tariff-only regime in 2006.[5] The European Commission recommended that import licenses be allocated on a first come, first served ("FCFS") basis.[6] However, both the United States and Latin American exporters rejected the FCFS system. The United States urged the European Commission to allocate licenses based on a historical reference period.[7]

Developments during 2001

In January 2001, the EU formally approved a two-phase banana import regime.[8] In February the EU delayed the target implementation date of the new regime from April 1 to July 1, 2001. Meanwhile, negotiations between the United States and EU continued. However, progress was slow, and U.S. officials warned the EU that the Congress was placing pressure on the Administration to resolve the issue or else the so-called carousel law–calling in response for the rotation of EU products that would be subject to high duties–would be implemented.[9]

A range of topics were at issue, according to reporting by the United States Department of State.[10] Most parties to the dispute, including the United States, the ACP countries, and Latin American producers (except Dole Foods and Ecuador) strongly opposed the FCFS system. The United States alleged that the particular FCFS regime proposed by the European Commission was still not consistent with the EU's WTO obligations. The United States also supported increased access for Latin American bananas to the EU and a limited share of import licenses to be allocated to so-called newcomers.[11] (The newcomer category accommodates license holders, generally European, which would not qualify for licenses if they were allocated based on a historical reference period.)

On April 11, 2001, U.S. and EU officials reached an agreement ending the longstanding dispute. The agreement endorsed the two-phase approach: a transitional system of tariff-rate quotas followed by a tariff-only regime to be implemented by January 1, 2006. However, instead of allocating import licenses on a

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[5] 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.

[6] 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.

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

[8] EC Regulation 216/2001, adopted January 29, 2001, *Official Journal*, L 31, Feb. 2, 2001.

[9] U.S. Department of State telegram, "US-EU Adams and DOC DAS Ludolph Discuss U.S.-EU and U.S.-Spain Trade Issues with GOS Trade Officials," message reference No. 1368, prepared by U.S. Embassy, Madrid, Mar. 28, 2001.

[10] See, for example, U.S. Department of State telegram, "Bananas: Demarche to EU Member States," message reference No. 241179, prepared by U.S. Department of State, Washington, D.C., Dec. 22, 2000; and U.S. Department of State telegram, "Frazier Response to Dole Letter," message reference No. 17337, prepared by U.S. Department of State, Washington, D.C., Jan. 31, 2001.

[11] Ibid.

FCFS basis during the transitional phase, the EU agreed to distribute import licenses on the basis of past trade. Also, the EU agreed to adjust the quantities in the quotas to expand access to the EU market for Latin American bananas and to guarantee access for a specific share of ACP bananas.[12]

As reported widely in the press, Ecuador requested consultations with the EU to clarify the terms of the agreement soon after the U.S.-EU agreement was reached.[13] Ecuador had supported a FCFS import licensing system and was concerned that the majority of its operators would be disadvantaged by a system based on historical references.[14] On April 30, 2001, the EU and Ecuador reached an understanding that established certain conditions for the allocation of licenses in the newcomer category, which are intended to favor Ecuadoran suppliers.[15]

According to the terms of the agreement, the first phase of the EU's new banana import regime was to be implemented in two steps.[16] On July 1, 2001, the EU implemented the first step, and established three tariff-rate quotas open to all banana exporters (see table 4-1); the first two quotas (quotas A and B) are managed as a single quota (quota AB) of 2.553 million tons. As of July 1, 2001, import licenses for 83 percent of quota AB are allocated to qualified traditional operators based on market shares registered during the 1994-96 reference period. The remaining 17 percent of import licenses are distributed to so-called newcomers.[17]

On January 1, 2002, the EU implemented the second stage of phase I of the new banana regime.[18] The second stage called for the EU to transfer 100,000 tons of bananas from quota C to quota B, bringing the total of quota AB to 2.653 million tons. Quota C fell to 750,000 tons, but was reserved for bananas of ACP origin. The allocation of import licenses based on a historical reference period that started under the phase I first stage (July 1, 2001) is to continue until December 31, 2003; thereafter licenses will be allocated according to usage of licenses issued since the second stage was implemented (January 1, 2002).[19]

[12] 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.

[13] Ecuador is the world's largest banana exporter and bananas represent Ecuador's second largest export.

[14] See, for example, two of the more detailed accounts: "Ecuador Seeks Changes in Banana Deal, Threatens Consultations," *Inside U.S. Trade*, Apr. 20, 2001; and "EU Members Unlikely to Block Banana Deal as Ecuador Seeks Changes," *Inside U.S. Trade*, Apr. 27, 2001, found at USITC Intranet address *http://www.usitc.gov/*, retrieved on Jan. 10, 2002.

[15] European Commission, Directorate for Trade, "Understanding on Bananas," Brussels, Apr. 30, 2001, found at DG Trade website at Internet address *http://europa.eu.int/comm/trade/miti/dispute/understanding.htm*, retrieved Feb. 13, 2002. This "Understanding on Bananas" is between the EU and Ecuador.

[16] EC Regulation 896/2001, adopted May 2, 2001, implements the banana import regime in line with agreements reached with the United States and Ecuador in April.

[17] European Commission, "Understanding on Bananas," *Inside U.S. Trade*, Apr. 13, 2001, found at the USITC Intranet, retrieved Jan. 10, 2002. This "Understanding on Bananas" is between the EU and the United States.

[18] EC Regulation 2587/2001, approved Dec. 19, 2001.

[19] European Commission, "Understanding on Bananas," *Inside U.S. Trade*, op. cit.

Table 4-1
EU banana import regime

Phases	Step 1: Regime implemented July 1, 2001	Step 2: Modifications to the regime, effective January 1, 2002
Phase I: Transitional tariff quota system	Quota A: 2.2 million tons, at 75 euros/ton[1]	
	Quota B: 0.353 million tons, at 75 euros/ton[1]	Quota B: 0.453 million tons, at 75 euros/ton[1]
	Quota C: 0.850 million tons, at 300 euros/ton[1]	Quota C: 0.750 million tons at zero duty
	All quotas managed based on a historical reference period	
	All quotas open to all bananas, irrespective of origin	Quota C is reserved exclusively for ACP bananas
Phase II: Tariff-only system	Single tariff to be negotiated consistent with GATT Article XXVIII	
	Entry into force no later than January 1, 2006	

[1] The euros/ton tariff is the preference given to ACP bananas within each quota.

Source: Compiled by USITC staff from *U.S.-EU Banana Agreement*.

Phase II, the tariff-only phase of the agreement, is to be implemented in 2006. It foresees a single tariff applied to Latin American bananas and duty-free treatment of ACP bananas. Renegotiation of the new tariff between the EU and relevant banana suppliers will take place under GATT Article XXVIII (Modification of Schedules). EU Council approval will be required on the level of the tariff to be implemented on January 1, 2006.

The provisions of the new banana regime require that WTO members grant to the EU waivers from its GATT Article I (General Most-Favored-Nation Treatment) and GATT Article XIII (Non-discriminatory Administration of Quantitative Restrictions) obligations in order to legitimately implement the regime under WTO rules. Waivers of EU obligations under both articles were finally granted at the WTO Third Ministerial Conference at Doha, Qatar, in November 2001 after intense negotiations with Latin American banana producers.[20] The Article I waiver would permit the EU to confer tariff preferences on banana imports from ACP countries, whereas the Article XIII waiver would permit the EU to reserve a fixed quantity of bananas exclusively for ACP countries.

The Latin American producers wanted assurances from the EU that their access to the EU banana market would not diminish following implementation of the tariff-only phase of the plan in 2006. Such a situation could occur if GATT Article XXVIII tariff renegotiations resulted in a prohibitively high tariff on imports of Latin American bananas. Under the terms of the waivers negotiated at Doha, the Latin American countries will be allowed to request arbitration before the renegotiated banana tariff

[20] European Commission, "Council Takes Final Step to Implement Agreement on Settlement of the Banana Trade Dispute," press release IP/01/1866, Brussels, Dec. 19, 2001, found at Internet address *http://europa.eu.int/comm/trade/miti/dispute/wn.htm*, retrieved on May 7, 2002.

enters into effect. Should the arbitrator determine that the EU tariff binding does not maintain at least the current level of market access for Latin American bananas, the EU and complaining parties will enter into consultations. Should the parties not reach an agreement, the Article I waiver with respect to bananas will cease to apply upon entry into force of the new EU tariff-only regime.[21]

On July 1, 2001, the United States suspended the retaliatory tariffs it imposed in 1999 on EU products valued at $191.4 million. The U.S.-EU agreement of April 2001 provided that the United States could reimpose increased duties if the EU did not complete phase I, step 2, and adjust the tariff rate quotas by January 1, 2002. Because the EU implemented step 2 of the agreement as planned on January 1, 2002, the United States permanently terminated the sanctions.[22]

Agricultural Biotechnology

U.S. exports of agricultural biotechnology (ag biotech) products face serious obstacles in the EU market. In 1998, the EU imposed a moratorium on approvals for ag biotech products. In addition, in 2001 the European Commission proposed new regulations, including rules on labeling and traceability, which could further limit U.S. exports. According to the U.S. Government, these restrictions are delaying the development and implementation of new biotechnologies, which can raise farm productivity and could play an important role in reducing poverty.[23]

Agricultural biotechnology generally refers to scientific techniques, in particular, genetic engineering, that are used to introduce desired traits into plants, animals, or microorganisms. Europeans refer to agricultural biotechnology products as genetically modified organisms (GMOs). To date, only certain crops derived from biotechnology have been marketed in the EU; no animal biotechnology products have been approved.[24] Potential benefits resulting from agricultural biotechnology include reduced production costs and pollution associated with pesticide use; increased crop resistance to droughts, floods, disease, and spoilage; and increased nutritional value of foods.[25]

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[21] WTO, Ministerial Conference, Fourth Session, Doha, Nov. 9-14, 2001, "European Communities–The ACP-EC Partnership Agreement," Decision of Nov. 14, 2001, WT/MIN(01)/15; U.S. Department of State telegram, "Chiquita Officials Raise EU Banana Waiver and Labor Concerns with A/AS Gutierrez," message reference No. 191569, prepared by U.S. Department of State, Washington, D.C., Nov. 2, 2001; and "EU Waivers Approved as Latin Americans Drop Banana Demands," *Inside U.S. Trade*, Nov. 15, 2001, found at the USITC Intranet, retrieved Jan. 10, 2002.

[22] 66 F.R. 35689-35690.

[23] For example, Alan Larson, Under Secretary of State for Economic, Business, and Agricultural Affairs, speech before the Washington International Trade Association, Jan. 8, 2002 and U.S. Department of State, Bureau of Public Affairs, Fact Sheet, "Healthy Harvests: Growth Through Biotechnology," Jan. 22, 2001

[24] General Accounting Office, *Concerns over Biotechnology Challenge U.S. Agricultural Exports*, June 2001, p. 5.

[25] Alan Larson, Under Secretary of State for Economic, Business, and Agricultural Affairs, speech before the Washington International Trade Association, Jan. 8, 2002.

U.S. farmers primarily grow three main biotechnology crops: corn, soybeans, and cotton. Such products are directly exported or are used to produce a variety of processed foods. To date, the product most affected by the EU moratorium is corn. Several biotech varieties of corn are produced in the United States but have not been approved for sale in the EU. Although the United States has traditionally exported more soybeans than corn to the EU, soybean exports have not been disrupted. Only one major biotech variety of soybeans is produced in the United States, and this variety has been approved for sale in the EU. However, EU proposals in 2001 for new regulations on GMOs are expected to burden U.S. soybean exports to the EU.[26]

The United States applies existing laws on food safety and environmental protection to ag biotech products. In contrast, the EU has developed a distinct regime for regulating such biotech products. This regime has been in effect since the early 1990s, but continues to be updated and expanded. EU Directive 90/220 establishes the procedures for gaining approval to market GMOs in the EU, which takes into account any risks to human health or the environment.[27] However, the EU has not authorized the commercial release of any GMOs since 1998. In addition, some member states have used the safeguard clause in the directive to ban certain genetically modified products from their markets.

In July 2001, the EU proposed a new regulation on traceability[28] and labeling of GMOs. The EU claims traceability is necessary to verify labeling claims as well as to facilitate the monitoring of effects on the environment and the withdrawal from the market of genetically modified products if later deemed necessary. In general, traceability requires operators, who buy and sell GMOs, to keep records to identify from whom they purchased these products and to whom they sold them. The new labeling proposal extends the current labeling rules to cover all biotech food and feed,[29] regardless of whether any genetically modified components can be detected, which can often occur in items such as highly processed foods.[30]

The EU's regulatory framework as well as the moratorium on GMO approvals result primarily from strong public resistance in the EU to agricultural biotechnology. This resistance stems from concerns over the safety of biotech foods as well as to the absence of identifiable benefits, which currently tend to accrue to the producer rather than the consumer.[31] According to one source, faced with an abundance of food, EU consumers do not consider the major argument in favor of genetically modified

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[26] General Accounting Office, *Concerns over Biotechnology Challenge U.S. Agricultural Exports*, June 2001, pp. 10-11.

[27] This directive was recently updated by Directive 2001/18, which will enter into effect in October 2002.

[28] Traceability refers to the ability to trace biotech products through all stages of the production and distribution chains.

[29] Genetically modified seeds are covered in a separate directive.

[30] European Commission, "Questions and Answers on the Regulation of GMOs in the EU," Memo/01/277, Oct. 29, 2001, p. 6.

[31] For example see, Tassos Haniotis, European Commission, "Regulating Agri-Food Production in the US and the EU," *AgBioForum*, vol. 3, no. 2&3, 2000, p. 1, found at Internet address *http://www.agbioforum.org*, retrieved Jan. 15, 2002; and GAO, "Concerns over Biotechnology Challenge U.S. Agricultural Exports," June 2001, pp. 11 and 12.

foods–to alleviate hunger–particularly credible.[32] According to an EU official, EU consumers do not regard biotech foods as cheaper, tasting better, or providing a value added and the EU consumer, when given a choice, will choose a biotech-free food.[33] According to EU officials, for a variety of reasons EU consumers are more risk averse than Americans on food safety.[34] Such concerns have been magnified recently with food scares in the EU, including the bovine spongiform encephalopathy (BSE) crisis or mad-cow disease, and public perceptions of governments' slow response.[35] Accordingly, the European Commission claims that to reassure the public on food safety the EU regulatory regime for GMOs must provide "a high level of protection [for human health and the environment], consumer choice, and transparent, uniform and efficient authorization procedures...."[36]

U.S. corn exports to the EU have been adversely affected since the EU moratorium on GMO approvals began in 1998.[37] Not only have biotech varieties of corn have been blocked because of the difficulty in avoiding commingling conventional and biotech varieties in the U.S. grain handling system but all U.S. exports to the EU of conventional corn have declined. Furthermore, U.S. officials argue that the proposed EU rules on traceability and labeling are burdensome, discriminatory, and unworkable, and will hurt U.S. exports of approved GMOs, including soybeans. For example, the proposal does not require the labeling of products like wine and cheese, typically European in origin, which are manufactured using enzymes produced through biotechnologies. In addition, the requirement to label food that has been derived from biotech products but that contains no detectable biotech ingredients "undermines credibility in the European system" since it is impossible to use tests to verify such labels.[38] U.S.

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[32] George Gaskell, London School of Economics, "Agricultural Biotechnology and Public Attitudes in the European Union," *AgBioForum*, vol. 3, no. 2&3, 2000, p. 8, found at Internet address *http://www.agbioforum.org*, retrieved Jan. 15, 2002.

[33] Tony Van der Haegen, European Commission Delegation in Washington, "What the US Should Know About Biotech Imports in the EU–See It the EU Way," speech before Women In International Trade, Washington, D.C., Sept. 27, 2001.

[34] For example, see George Gaskell, London School of Economics, "Agricultural Biotechnology and Public Attitudes in the European Union," *AgBioForum*, vol. 3, no. 2&3, 2000, found at Internet address *http://www.agbioforum.org*, retrieved Jan. 15, 2002; John B. Richardson, European Commission, "EU Agricultural Policies and Implications for Agrobiotechnology," *AgBioForum*, vol. 3, no. 2&3, 2000, found at Internet address *http://www.agbioforum.org*, retrieved Jan. 15, 2002; and Tony Van der Haegen, European Commission Delegation in Washington, "What the US Should Know About Biotech Imports in the EU–See It the EU Way," speech before Women In International Trade, Washington, D.C., Sept. 27, 2001.

[35] John B. Richardson, European Commission, "EU Agricultural Policies and Implications for Agrobiotechnology," *AgBioForum*, vol. 3, no. 2&3, 2000, found at Internet address *http://www.agbioforum.org*, retrieved Jan. 15, 2002.

[36] David Byrne, European Commissioner for Health and Consumer Protection, "New Technologies in Agriculture - Biotechnology," informal Agriculture Council meeting with Alden Biesen, Sept. 18, 2001.

[37] According to the Economic Research Service (ERS), the volume of U.S. corn exports to the EU ell 90 percent between 1995 and 1998. "The EU represents the one documented loss of U.S. corn exports resulting from issues related to biotech products." ERS, "Biotechnology: Implications for U.S. Corn and Soybean Trade," *Agricultural Outlook*, April 2000, found at Internet address *http://www.ers.usda.gov/publications/*, retrieved Jan. 31, 2002.

[38] Alan Larson, Under Secretary of State for Economic, Business, and Agricultural Affairs, "The U.S. and the European Union," remarks in press conference at the U.S. Mission to the European Union, Brussels, Belgium, Dec. 12, 2001.

producers claim that the proposed rules are burdensome, costly, and possibly unworkable because of the documentation requirements and the difficulties associated with separating conventional from biotech crop varieties to meet labeling requirements.[39] The U.S. Government supports science-based, rules-based regulations to avoid politicization of the issue.[40] According to the United States, the EU's moratorium and complex regulatory regime are delaying the implementation of agricultural biotechnology in the developing world, where it could play an important role in relieving hunger and reducing poverty.[41]

The United States is urging the EU to end the moratorium on GMO approvals. However many EU member states are opposed to the U.S. position, and do not support an end to the moratorium. EU officials suggest that progress could be made toward the end of 2002, after a new directive extending and expanding Directive 90/220 enters into effect in October.[42] However, some member states insist that the moratorium cannot be lifted until the labeling and traceability regulation is operational, which could take 2 years.[43]

In the meantime, the European Commission published in early 2002 a policy paper presenting its vision for developing life sciences and biotechnology in the EU over the next 10 years.[44] The EU argues that biotechnology plays an important role in reaching the EU's goal of becoming "the most competitive and dynamic knowledge-based economy in the world."[45] The paper includes an action plan, which sets out a framework for developing an "effective and coherent" biotechnology policy and strengthening the EU's biotechnology sector. The action plan covers a range of topics, including education and research programs, transparency and coordination of policies and programs, implementation and enforcement of biotechnology regulation, and international collaboration.

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[39] General Accounting Office, *Concerns over Biotechnology Challenge U.S. Agricultural Exports*, June 2001, p. 10.

[40] U.S. Department of State telegram, "EU Biotech Regulatory Proposals–Initiating Discussions With Like-Minded Countries," message reference No. 153945, prepared by U.S. Department of State, Washington, D.C., Sept. 6, 2001.

[41] Alan Larson, Under Secretary of State for Economic, Business, and Agricultural Affairs, "U.S.-EU Relations," remarks to Transatlantic Policy Network, Washington, D.C., Nov. 30, 2001.

[42] Pascal Lamy, European Commissioner for Trade, "Steeling the EU-US Relationship for the Challenges Ahead," remarks at Woodrow Wilson International Center, Washington, D.C., Jan. 25, 2002.

[43] Europe Information Service, "Environment Council: GMO Moratorium Stays," *European Report*, Oct. 31, 2002, p. IV-6.

[44] European Commission, "Life Sciences and Biotechnology - A Strategy for Europe," Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee, and the Committee of the Regions, COM(2002) 27, Jan. 23, 2002.

[45] European Commission, "Life Sciences & Biotechnology, A Strategic Vision," found at Internet address *http://europa.eu.int/...biotechnology/introduction_en.html*, retrieved Jan. 24, 2002.

Foreign Sales Corporations

In potentially the largest U.S.-EU dispute in terms of the amount of trade affected, the WTO dispute-settlement process continued throughout the year in response to an EU complaint that U.S. special tax treatment of foreign sales corporations (FSCs) is a prohibited export subsidy. The EU has requested WTO authorization to impose countermeasures valued at over $4 billion, a figure the EU claims is equivalent to the amount of subsidies the United States provides through tax exclusions to U.S. exporters.

Background[46]

On July 1, 1998, the EU requested a dispute-settlement panel to examine the FSC provisions of U.S. tax law,[47] claiming they were inconsistent with the WTO Agreement on Subsidies and Countervailing Measures and WTO Agreement on Agriculture. On September 12, 1998, a WTO dispute-settlement panel was established. On October 8, 1999, the panel ruled that the FSC tax exemption constituted a prohibited export subsidy under the Subsidies Agreement and, for agricultural products, the tax exemption violated U.S. obligations under the Agriculture Agreement.[48] The United States filed a notice of appeal in 1999 and, on February 24, 2000, the WTO Appellate Body upheld the panel's finding.

On November 15, 2000, President Clinton signed into law the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI), the first U.S. legislation enacted to implement findings of a WTO dispute-settlement panel.[49] According to the USTR, the ETI was "intended to replicate, within the parameters of the U.S. tax system, the tax treatment afforded [foreign-source] income under European tax systems."[50] Two days later, 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."[51] On the same day, the EU requested that the WTO authorize the European Community to suspend equivalent concessions as compensation (i.e., retaliatory measures) against the United States valued at $4.0 billion, the highest amount ever claimed in a WTO dispute. The United States objected to the amount and requested arbitration in the matter. Arbitration was suspended

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[46] For more information on the background of the FSC dispute, see USITC, *The Year in Trade: OTAP, 2000*, USITC publication 3428, pp. 4-12 to 4-13.

[47] Sections 921-927 of the U.S. Internal Revenue Code.

[48] The panel made no ruling on certain other matters, such as FSC administrative pricing rules or EU claims regarding an import substitution subsidy.

[49] 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.

[50] USTR, "WTO Upholds Adverse Ruling on Foreign Sales Corporation (FSC) Tax," press release 2002-05, Jan. 14, 2002.

[51] 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.

pending the outcome of the dispute-settlement case examining the WTO consistency of the ETI law.[52]

Developments during 2001

On August 20, 2001, the WTO ruled that the ETI also constituted a prohibited export subsidy and remained inconsistent with U.S. WTO obligations. On October 15, 2001, the United States announced that it would appeal the ruling. On January 14, 2002, the WTO Appellate Body upheld the original panel findings, with one exception.[53]

Canada

The volume of trade between the United States and Canada is the largest in the world, currently measured at nearly $1 billion a day. U.S.-Canadian relations are 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.[54] 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.[55] The major trade-related issue in 2001 continued to involve softwood lumber and the spring 2001 expiration of the bilateral agreement between the United States and Canada governing trade in that sector. Other issues in 2001 included bilateral disputes in the WTO involving Canadian wheat and dairy products.

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[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] The Appellate Body found "that the Panel erred in its interpretation of Article 10.3 of the DSU in declining, in its decision of 21 February 2001, reproduced in paragraph 6.3 of the Panel Report, to rule that all the written submissions of the parties filed prior to the only meeting of the Panel must be provided to the third parties." WTO, "United States Tax Treatment for "Foreign Sales Corporations" – Recourse to Article 21.5 of the DSU by the European Communities," WT/DS108/AB/RW, Jan. 14, 2002, par. 256, found at Internet address *http://docsonline.wto.org/*, retrieved on Mar. 8, 2002. In a statement on the January 2002 WTO Appellate Body ruling, USTR Zoellick said that "This is an especially sensitive dispute that, at its core, raises questions of a level playing field with regard to tax policy." He added that the USTR" will be consulting closely with Congress and affected U.S. interests regarding next steps." USTR, "WTO Upholds Adverse Ruling on Foreign Sales Corporation (FSC) Tax," press release 02-05, Jan. 14, 2002, found at Internet address *http://www.ustr.gov/releases/2002/01/02-05.htm*, retrieved Apr. 8, 2002. The arbitration panel to determine the appropriate level of EU countermeasures resumed on Jan. 29, 2002, and is expected to reach a decision on June 17, 2002.

[54] For more information on NAFTA, see chapter 3.

[55] 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.

U.S. trade with Canada decreased in 2001. U.S. exports, totaling $144.6 billion, decreased $11 billion (7.3 percent) from 2000, while U.S. imports from Canada totaled $216.8 billion, a decrease of over $12 billion (5.3 percent) from 2000. The leading items exported from the United States to Canada in 2001 were all motor vehicle products: parts and accessories for bodies for motor vehicles, passenger motor vehicles, piston engines, and parts and accessories for motor vehicles. The major items imported from Canada into the United States during the same period were: passenger motor vehicles, natural gas, other motor vehicles, and crude petroleum. The trade deficit with Canada increased slightly (0.9 percent) from 2000 to 2001, to $72.2 billion. U.S.-Canadian trade data are shown in tables A-4, A-5, and A-6.[56]

U.S.-Canadian Softwood Lumber Agreement

Background

The expiration of the five-year Softwood Lumber Agreement (SLA) between the United States and Canada on March 31, 2001, was likely the most significant commodity-related event affecting trade between the United States and Canada in 2001. As discussed in further detail below, both prior to and following the expiration of this agreement, the United States and Canada engaged in extensive negotiations relating to the possible extension of the agreement or the establishment of a new one. Following the expiration of the SLA, the U.S. lumber industry filed a petition under U.S. countervailing duty and antidumping laws with the U.S. Department of Commerce ("Commerce") and USITC. Both agencies initiated investigations, and both made preliminary affirmative determinations during 2001.

The United States and Canada formally entered into the SLA on May 29, 1996. The agreement sought to ensure that the U.S. lumber industry did not suffer material injury or threat thereof from imports of softwood lumber from Canada.[57] The five-year SLA established annual allocations and fees for lumber exports from 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.[58]

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

[57] For more information about the agreement and its origin, *see* USITC, *The Year in Trade; OTAP, 1995*, USITC Publication 2971, pp. 47-48.

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

Domestic lumber companies, unions, and trade associations pledged that they would not seek recourse to U.S. trade laws to dispute imports of Canadian softwood lumber for the duration of the five-year accord. Canada also was assured that 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 the U.S. countervailing duty and antidumping laws as long as the SLA was in effect and not breached.[59]

As the end of the SLA approached, the U.S. and Canadian Governments began discussions on whether the agreement should be extended, renegotiated, or whether softwood lumber should be freely traded. The debate 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.[60] In both countries, environmental groups criticized what they perceived as the shortcomings of the SLA, as well as deficiencies in each country's lumber management policy. Most environmental groups argued for less management of lumber trade, but for greater control over the management of forests as a natural resource.[61]

U.S. and Canadian negotiators did not reach agreement by March 31, 2001 when the SLA expired. On April 2, 2001, the U.S. Coalition for Fair Lumber Imports (CFLI) filed a petition with Commerce and the USITC under the U.S. countervailing duty and antidumping duty laws, alleging that the domestic softwood lumber industry was being materially injured or threatened with material injury by reason of imports of Canadian softwood lumber that were being subsidized by the Government of Canada and sold in the United States at less than fair value (i.e., dumped).[62] On May 16, 2001, the USITC made affirmative determinations in the preliminary phase of its investigations,[63] finding a reasonable indication that a U.S. industry was threatened with material injury by reason of allegedly subsidized and dumped imports of softwood lumber from Canada.[64]

The bilateral negotiations continued throughout the year and into 2002, without reaching an agreement. Meanwhile, as a result of the USITC's affirmative preliminary determinations, Commerce continued with its investigations. On August 10, 2001, Commerce made an affirmative preliminary determination in its countervailing duty (cvd or subsidy) investigation on imports of softwood lumber, and on October 30, 2001, made an affirmative preliminary determination in its antidumping duty investigation.

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[59] USTR, press release 96-35, Apr. 2, 1996.

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

[61] Ibid.

[62] The petitioners included: Coalition for Fair Lumber Imports Executive Committee, Washington, D.C.; the United Brotherhood of Carpenters and Joiners, Portland, OR; and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, Nashville, TN. USITC press release, "ITC Votes to Continue Cases on Softwood Lumber from Canada," No. 01-071, May 16, 2001. CFLI alleged dumping at a rate between 28 and 36 percent, and subsidization at a rate of 39.5 percent in the petition (BNA, ITD, April 24, 2001, p. 20).

[63] USITC Investigation Nos. 701-TA-414 and 731-TA-928 (P), *Softwood Lumber from Canada*.

[64] USITC press release, "ITC Votes to Continue Cases on Softwood Lumber from Canada," No. 01-071, May 16, 2001.

On March 21, 2002, Commerce subsequently made affirmative final determinations in both of its investigations, finding a countrywide countervailable subsidy of 19.34 percent[65] and margins of dumping ranging from 2.26 percent to 15.83 percent, with an all others rate of 9.67 percent.[66] The USITC made an affirmative determination in its investigations on May 2, 2002, finding that the U.S. softwood lumber industry was threatened with material injury by the imports of the subject products from Canada.

Other Bilateral Developments

Other matters that occupied trade policy practitioners during 2001 included: the challenge to Canadian wheat practices; and a WTO bilateral trade dispute involving Canadian dairy products.[67]

Wheat

In September 2000 the North Dakota Wheat Commission (NDWC) challenged the operations of the Canadian Wheat Board (CWB), and filed a section 301 petition with USTR, alleging that the CWB 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.[68] A section 301 investigation into the sales practices of the CWB in U.S. and third-country markets was initiated by USTR in October 2000, representing the ninth time that the practices of the CWB have been investigated by the United States.[69] The case continued through 2001[70] and a decision was expected into 2002.[71] The 16-month investigation was concluded on Feb. 15, 2002 with an announcement by USTR Zoellick. The U.S. producer request for a tariff-rate quota was rejected, and in its place the administration decided to pursue "multiple avenues" for relief for U.S. wheat farmers.[72]

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[65] 67 Fed. Reg. 15545 (April 2, 2002). Commerce also exempted from its CVD determination softwood lumber products from the Maritime provinces unless produced from Crown timber harvested in another province.

[66] 67 Fed. Reg. 15539 (April 2, 2002).

[67] Throughout the year under review, the Canadian dairy issue was the subject of WTO dispute settlement adjudication. This issue is addressed separately in chapter 2. The U.S.-Canada dairy dispute was first addressed in the 1997 YIT/OTAP, pp. 85-89.

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

[69] 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.

[70] 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.

[71] USTR, "USTR Extends Section 301 Investigation on Canadian Wheat," USTR press release 2002-06, Jan. 18, 2002.

[72] USTR, "United States to Pursue Action Against Monopolistic Canadian Wheat Board," USTR press release, 2002-22, Feb. 15, 2002.

Following receipt of a request from USTR on April 2, 2001, the USITC initiated an investigation into wheat trading practices and competitive conditions between the United States and Canada.[73] The Commission's confidential report was delivered to the Office of the U.S. Trade Representative on September 24, 2001, in accordance with the USTR request.[74] The USTR 301 investigation was originally scheduled to conclude by October 23, 2001. NDWC requested a 90-day extension to January 22, 2002 for completion of the report, and the extension request was granted on October 16, 2001.[75] The USTR investigation was further extended from January 22, 2002 until February 15, 2002.

Mexico

The United States and Mexico continued to enjoy close and cordial economic relations during the year under review. Certain long-standing trade issues between the two countries, however, remained unresolved. Mexico's antidumping duties on high-fructose corn syrup from the United States and monopolistic practices of Telefonos de Mexico S.A. (Telmex), Mexico's telecommunications monopoly, continued to be major U.S. complaints against Mexico. For Mexico, significant areas of contention included the size of U.S. tariff-rate quotas on Mexican sugar, and access to U.S. highways by Mexican trucks.

A slowdown in the U.S. economy–the destination for well over four-fifths of Mexican exports–limited Mexico's economic performance in 2001. After posting a 6.9 percent annual growth in 2000, the Government of Mexico revised its growth forecasts for 2001 from 4.5 percent down to zero towards the end of the year.[76] Falling federal revenues from petroleum exports and smaller tax revenues sharply restricted Mexico's federal spending, making it difficult for President Fox to live up to his social commitments.

According to preliminary official statistics, the Mexican trade deficit totaled $9.7 billion in 2001, 21.6 percent more than the $8 billion posted a year earlier. Mexico's Minister of Finance said that the growing trade gap in 2001 was attributable almost entirely to lower oil exports. Demand for petroleum declined during the year, especially following the terrorist attacks on the United States on September 11. Mexico's total merchandise exports were $158.54 billion, a 4.8-percent decline compared with 2000. Petroleum exports fell 21.9 percent, and nonpetroleum exports fell 2.9 percent. Total Mexican merchandise imports in 2001 were $168.28 billion, a 3.5 percent decline.

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[73] Ibid; and USITC, "ITC to Investigate Conditions of Competition Between U.S. and Canadian Wheat Practices," USITC press release 01-049, Apr. 13, 2001.

[74] The ITC issued a public version of the report on Dec. 21, 2001. USITC, "ITC Releases Report on Conditions of Competition Between U.S. and Canadian Wheat Practices," USITC press release 01-149, Dec. 21, 2001. See USITC, *Wheat Trading Practices: Competitive Conditions Between U.S. and Canadian Wheat,* Investigation No. 332-429, USITC Publication 3465, December 2001.

[75] USTR, "USTR Extends Section 301 Investigation on Canadian Wheat," USTR press release 01-82, Oct. 16, 2001.

[76] For background, see USITC, *The Year in Trade: OTAP 2000:*, USITC publication 3428, June 2001, p. 4-18.

Mexico maintained its position in 2001 as the third-largest U.S. trading partner after the EU, Canada and before Japan. However, bilateral trade contracted in both directions. U.S.-Mexican trade data, based on U.S. statistics, are shown in tables A7 to A9. U.S. exports to Mexico declined by $9.9 billion (9.9 percent) to 90.5 billion. U.S. imports from Mexico dropped by $4.2 billion (3.1 percent) to $130.5 billion. The United States had a trade deficit of $40 billion with Mexico; larger than the $34.3 billion deficit of 2000. Mexico's continued surplus in trade with the United States helped to reduce the country's widening trade deficit with the rest of the world. The United States is Mexico's dominant trading partner, receiving in 2001 88.5 percent of Mexico's total exports, and supplying 67.5 percent of its total imports.[77]

Mexico's Telecommunications Practices

The United States held consultations with Mexico in both 2000 and 2001 on several key issues regarding Mexico's telecommunications practices.[78] Beginning in 2000, these consultations concerned Mexican rules that make competition ineffective for U.S. suppliers of basic telecommunications services. Insufficient progress led the United States to file its first request in November 2000 to establish a WTO dispute-settlement panel to examine these practices.[79] In April 2001, in its annual review of foreign compliance with telecommunications trade agreements reported under Section 1377 of the Omnibus Trade and Competitiveness Act of 1988, USTR welcomed the progress that Mexico has made in improving competition in its telecommunications market, but pointed out that Mexico had not addressed certain remaining WTO commitments in this field, particularly involving competition in its market for international telecommunications services. The review also reported that Mexico had failed to enforce rules to curtail anticompetitive conduct by its telecommunications monopoly, Telmex.[80] In March 2002, USTR has indicated that the "United States expects to file a new request for establishment of a WTO panel in early 2002 that specifically addresses this issue" of competition in the Mexican telecommunications services.[81]

Access of Mexican Trucks to U.S. Roads

On February 6, 2001, the United States lost its first major case under a NAFTA arbitration panel which ruled that the United States was in violation of its NAFTA obligations with respect to access by Mexican trucks to U.S. highways. The panel found that: "[t]he U.S. blanket refusal to review and consider for approval any Mexican-owned carrier applications for authority to provide cross-border trucking

[77] USTR, *2002 Trade Policy Agenda and 2001 Annual Report*, March 2002, p. 117.

[78] USTR, "Annual Review of Telecommunications Trade Agreements Highlights Concerns in Colombia, Mexico, South Africa, and Taiwan," *Press Release 01-20*, Apr. 2, 2001.

[79] USTR, *2002 Trade Policy Agenda and 2001 Annual Report*, March 2002, p. 117.

[80] Stratfor Strategic Forecasting, "Mexican Economy Hindering President's Pledges," found at Internet address *http://www.stratfor.com/latinamerica*, retrieved Nov. 26, 2001.

[81] Official Mexican trade data.

services was and remains a breach of U.S. obligations."[82] The panel recognized the right of the U.S. Government to require Mexican trucks to comply with U.S. safety standards, but recommended that it review applications from Mexican truckers on a case-by-case basis."[83] On December 18, 2001, President Bush signed into law legislation providing for such access and setting out the requirements Mexican trucks needed to meet before they are granted access.[84]

Background[85]

The dispute over access of Mexican trucks to U.S. highways began at the end of 1995, when the United States delayed permission for Mexican-domiciled cargo and passenger services to operate in California, Texas, Arizona, and New Mexico, as agreed earlier in the context of NAFTA. The United States cited safety reasons in justifying the delay.

Bilateral consultations on adapting Mexican trucks to U.S. truck safety requirements continued after 1995, but no agreement was reached. Mexican officials insisted that their country's safety inspection system was already consistent with that of the United States. In 1998, the Government of Mexico formally protested the U.S. postponement of the NAFTA trucking provisions' implementation under NAFTA dispute-settlement provisions.

Interest in the issue intensified in 1999, as the January 1, 2000 deadline for access of Mexican trucks to the entire United States came into view. U.S. authorities found that restrictions notwithstanding, Mexican trucks that had not complied with U.S. standards already found ways to haul cargo into U.S. territory.[86] Hence, in December 1999, President Clinton signed the Motor Carrier Safety Improvement Act of 1999,[87] part of which provided for Foreign Motor Vehicle Penalties and Disqualifications.[88]

In addition, since inadequate U.S. border inspection was blamed in part for unsafe Mexican trucks circulating on U.S. roads, the Department of Transportation (DOT) embarked on a program of improving the inspection process.[89] Most important, the opening of the border to Mexican trucks did not take place on January 1, 2000, as mandated by NAFTA. Mexican trucks continued to be restricted to a border zone.[90]

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[82] North American Free Trade Agreement Arbitral Panel Established Pursuant to Chapter Twenty, In the Matter of Cross-Border Trucking Services (Secretariat File No. USA-MEX-98-2008-01), "Final Report of the Panel," Feb. 6, 2001, p. 81. The panel refers to NAFTA obligations under Annex I (reservations for existing measures and liberalization commitments) Article 1202 (national treatment for cross-border services), and Article 1203 (most-favored-nation treatment for cross-border services).

[83] Ibid, p. 82.

[84] P.L. 107- 87.

[85] See also USITC, *The Year in Trade: OTAP, 1999*, USITC publication 3336, August 2000, p. 61.

[86] An 1999 report of the Federal Motor Vehicle Safety Administration (FMCSA), based on an analysis of roadside inspection in FY 1998, identified 254 Mexican, domiciled motor carriers that operated improperly on U.S. roads. Cited by DOT, Office of Inspector General, *Interim Report on Status of Implementing the North American Free Trade Agreement's Cross-Border Trucking Provisions*, report No. MH-2001-059, May 8, 2001, p. 16.

[87] P.L. 106-159.

[88] Title II, Sec. 219.

[89] See also USITC, *The Year In Trade: OTAP*, 1999, USITC publication 3336, August 2000 , p. 61.

[90] See also Magdolna Kornis, "Implementation of NAFTA Provision to Open U.S. Roads to Mexican Trucks on January 1, 2000, has been Delayed," *International Economic Review,* Jan.-Feb. 2000.

The Dispute during 2001

In 2001, Mexican cross-border trucking access continued to be a major unresolved issue in U.S.-Mexican trade relations. Since NAFTA became effective in January 1994, trade between the United States and Mexico has grown significantly, augmenting the importance of cross-border trucking services. Over four-fifths of bilateral trade is transported through highways. The NAFTA ruling in February that the United States is in violation of its treaty obligations, coupled with the advent of new administrations in both countries, gave added importance to this issue.

Once again, the safety problem had to be addressed. Testifying before the House Subcommittee on Transportation, the Inspector General of DOT said on March 2, 2001, that since 39 percent of Mexican trucks inspected at the border failed to meet U.S. safety standards, a greater border inspection presence was needed to accommodate a large flow of trucks.[91] Ready to comply with the verdict of the NAFTA arbitration panel, DOT proposed in May that beginning January 1, 2002 it would allow Mexican trucking companies to apply for permission to operate in the United States. Mexican trucks when in the United States would have to adhere to the same rules as do U.S. trucks. DOT also proposed rules for Mexican service providers on how to submit trucks for inspection, and on other aspects of compliance.[92]

However, the Department of Transportation proposal on expanded inspection and the pertaining budget request met with opposition in the congressional debate of the 2002 transportation spending bill. A House bill of June 26, 2001 (H.R. 2299) would prohibit any funding for processing Mexican truckers' applications for access, in effect postponing again the opening of the border beyond January 1, 2002.[93] The Senate version of August 1, 2001 (S. 1178) proposed to subject Mexican trucks to an array of safety regulations and required that the trucks should be certified in Mexico even before they are submitted to the U.S. inspection process.[94] The Bush Administration and other advocates of opening the border found the Senate requirements restrictive and discriminatory against Mexico.[95]

Year-end Agreement

General concern about foreign trucking access to the United States increased sharply in the wake of the September 11, 2001 terrorist attacks, threatening further delays in

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[91] Statement of the Honorable Kenneth M. Mead, Inspector General, U.S. Department of Transportation, testimony before the Subcommittee on Transportation and Related Agencies, House Appropriations Committee, United States House of Representatives, Mar. 8, 2001, found at Internet address *http://www.oig.dot.gov/*, retrieved on Mar. 7, 2002.

[92] Federal Motor Carrier Safety Administration, "Instructions for Completing Applications for Certificate of Registration for Foreign Motor Carriers and Foreign Motor Private Carriers," form op-2, found at Internet address *http://www.dot.gov/factsfigs/licensing/op.2.htm*, retrieved Sept. 21, 2001.

[93] Amendment to the DOT appropriation bill, offered by Rep. Martin Sabo (D-Minn.).

[94] A bipartisan proposal of Sen. Richard C. Shelby (R-Ala.) and Sen. Patty Murray (D-Wash.), the so-called Murray-Shelby proposal, imposed tough safety restrictions on Mexican trucks.

[95] BNA, *International Trade Daily*, Aug. 2, 2001; Sara J. Fitzgerald, "Why Stricter Standards on Mexican Trucks Will Hurt Our Neighbor and Ourselves," *The Heritage Foundation, Executive Memorandum No. 766,* Aug. 10, 2001.

the resolution of the issue. Yet, before the end of the year, the House and the Senate reached a bipartisan compromise for the purpose of the 2002 transportation appropriations bill,[96] allowing Mexican trucks to enter the United States, provided they met specified old and newly added safety requirements. This is the bill that President Bush signed into law on December 18th.[97]

Transportation and trade officials of both countries began to negotiate operating regulations to be applied when U.S. and Mexican trucks enter one another's country. A report issued by the General Accounting Office at the end of the year noted Mexican efforts in improving truck safety and air emission regimes.[98] The same report urged DOT to reach agreement with the border states and other federal agencies involved regarding the development of the expanded truck inspection system.[99] DOT reportedly expects to effectively open the border to Mexican trucks in the second quarter of 2002.[100]

Mexican Sugar and U.S. Sweeteners

The dispute over Mexican access to the U.S. sugar market as well as U.S. access to the Mexican high-fructose corn syrup (HFCS) market intensified during 2001. 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. Sugar and HFCS have a high degree of substitutability in the soft drink industry, and therefore issues of their access to the partner's market are intimately linked.[101]

Sugar

The long-standing crisis of the Mexican sugar industry caused by overproduction, falling prices, and heavy debt, prompted Mexican authorities in September 2001 to nationalize many of the nation's sugar mills.[102] Mexico considers refusal by the United States to open its market wider to Mexican sugar an important cause of the industry's problems.[103]

During 2001, Mexico continued to claim that under NAFTA provisions it is entitled to export its sugar surplus, some 450,000 to 500,000 metric tons, to the United States

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[96] A conference report on DOT funding was cleared by the House on Nov. 30, 2001, and by the Senate on Dec. 4, 2001.

[97] P.L 107- 87.

[98] General Accounting Office, "North American Free Trade Agreement: Coordinated Operational Plan Needed to Ensure Mexican Trucks' Compliance with U.S. Standards," Dec. 21, 2001, GAO 02-28.

[99] Ibid.

[100] Rossella Brevetti, "GAO Faults U.S. Readiness to Ensure Safety of Mexican Trucks," *BNA-International Trade Daily*, Jan. 9, 2002.

[101] Sugar and HFCS are often not substitutable in cases where sugar is used as a bulking agent (e.g., in baked goods).

[102] *Washington Trade Daily,* Sept. 3 and 4, 2001, p. 3.

[103] For additional background, see USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, p. 111; *OTAP, 1998*, USITC publication 3192, p. 66; *OTAP, 1999*, USITC publication 3336, p. 39, and *OTAP,* 2000, USITC publication 3428, p. 4-15.

free of duty.[104] However, the U.S. Government allocated only 116,000 metric tons of its sugar's tariff-rate quota (TRQ) to Mexico for FY 2000/01, and 137,780 metric tons for FY 2001/02.[105] The gap between Mexico's TRQ, as seen by Mexico, and the actual annual U.S. TRQ allocations to Mexico during the NAFTA years, arises from different interpretations by the two countries of NAFTA's sugar trade provisions.[106]

In August 2000, Mexico requested formal NAFTA dispute-settlement proceedings concerning the extent of U.S. obligations under the accord to purchase excess Mexican sugar duty free.[107] No panel was formed during the year, however, because of difficulties in selecting the five panelists.[108] In December 2001, the Mexican Government urged the United States again to advance the installation of a panel.

High-Fructose Corn Syrup

Mexico also seeks to boost domestic sugar consumption as a means of more easily disposing of its excess sugar. In the context of this effort, authorities have become concerned that nonsugar sweeteners such as HFCS could replace sugar in the domestic soft drink industry. To prevent such substitution, Mexican officials sought to limit competition from cheaper, alternative sweeteners, both domestic and imported. In October 2001, Mexico's Secretariat of the Economy announced an increase of HFCS import duties for countries other than NAFTA partners and partners in trade agreements other than NAFTA.[109] In addition, on December 3, 2001, the Mexican Senate imposed a 20-percent tax on soft drinks made with HFCS, placing the soft drinks with imported HFCS at a competitive disadvantage relative to soft drinks made

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[104] NAFTA partners' reciprocal access to one another's markets is established in Section A of Annex 703.2 of NAFTA, and in an understanding between the United States and Mexico, as confirmed in a Nov. 3, 1993 letter by the then United States Trade Representative Michael Kantor to the then Mexican Secretary of Commerce and Industrial Development, Jaime Serra Puche. Differing interpretations of these provisions and the understanding impinge on the degree to which Mexico is granted duty-free access to U.S. markets for sugar and syrup goods. For further detail see USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, p. 111 ff.

[105] 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, found at Internet address *http://www.ustr.gov/releases/2000/09/00-64.htm*, retrieved on Mar. 8, 2002. The 116,000 metric ton allocation is the sum of the following components: (1) 7,258 metric tons (raw value), the minimum level to which the United States is committed under the Uruguay Round Agreements; (2) 2,954 metric tons (refined basis); and (3) an additional quantity of 105,788 metric tons (raw value), the quantity which the United States committed to provide to Mexico under NAFTA.

[106] See also USITC, *The Year In Trade: OTAP, 2000*, USITC publication 3428, p. 4-15. For background see USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, p. 111; *OTAP, 1998*, USITC publication 3192, p. 66; *OTAP, 1999*, USITC publication 3336, p. 39, and *OTAP,* 2000, USITC publication 3428, p. 4-15.

[107] American Sugar Institute (ASI), "U.S. Sugar Industry Greatly Disappointed at Mexican Action," *Press Release,* Aug. 17, 2000.

[108] John Nagel, "Mexico to Push for NAFTA Panel on Sugar in Meetings with USTR," *BNA-International Trade Daily*, Dec. 6, 2001.

[109] *Diario Oficial,* Oct. 11, 2001; and U.S. Department of Agriculture, Foreign Agricultural Service,"Mexico: Modification of HFCS MFN Import Duties, 2001," Oct. 12, 2001, *GAIN Report* #MX1182.

with sugar, produced in Mexico.[110] At the time this report is being prepared, this issue still has to be fully resolved.[111]

In recent years, Mexico has repeatedly attempted to reduce HFCS imports, especially from the United States, which provides more than 60 percent of the fructose consumed in Mexico. At the request of Mexican sugar producers, the Mexican Government levied antidumping duties on selected HFCS commercial products from the United States on a provisional basis in 1997 and on a final basis in 1998.[112] This action was taken on grounds that 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.[113] Interested parties in the United States and the U.S. Government challenged these antidumping duties by initiating dispute-settlement proceedings under NAFTA and the WTO, respectively.

While the issue of sweeteners was awaiting formal dispute-settlement proceedings under the NAFTA and WTO, U.S. and Mexican officials continued to seek a bilateral resolution of the dispute as well. However, no tangible progress had been made by the end of 2001.

Table 4-2 sets out a chronology of events relating to the NAFTA and WTO dispute-settlement panels. Both the WTO and NAFTA panels ruled against Mexico, directing it to remove such duties.

WTO determinations regarding HFCS have ruled twice against Mexico during 2001. On June 22, 2001, a WTO dispute-settlement panel ruled in favor of the United States, saying that the steps taken by Mexico to comply with recommendations of an earlier WTO panel in January 2000 were insufficient to bring Mexico into compliance with its WTO obligations. The panel ruling in June 2001 supported the U.S. position that Mexico failed to correct the flaws found in the original determination.[114] Mexico appealed this second panel's findings. Subsequently, on October 22, 2001, the WTO Appellate Body upheld the dispute panels' findings that ruled in favor of the U.S. argument.[115]

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[110] USTR, "USTR Expresses Strong Concern with Mexican Tax on Soft Drinks Containing High Fructose Corn Syrup," press release 02-09, Jan. 22, 2001, found at Internet address *http://www.ustr.gov/releases/2002/01/02-09.htm*, retrieved on Mar. 7, 2002; Myrna Zelaya-Quesada and John Nagel, "Mexico and the United States Hit Stalemate Over Tax on Soft Drinks with Corn Syrup, *BNA-International Trade Daily*, Jan. 24, 2002.

[111] For details of the HFCS antidumping case during prior years and references, see especially USITC, *The Year in Trade: OTAP, 1997*, USITC publication 3103, May 1998, p. 111, and USITC, *The Year in Trade: OTAP*, USITC publication 3428, June 2001, pp. 4-15.

[112] Ibid.

[113] For details on the HFCS antidumping case, see USITC, *The Year in Trade: OTAP, 1998*, USITC publication 3192, pp. 67-68.

[114] USTR, "U.S. Wins WTO Case on High Fructose Corn Syrup," press release 01-44, June 22, 2001.

[115] USTR, "U.S. Wins WTO Case on High Fructose Corn Syrup," press release 01-86, Oct. 22, 2001; and WTO, *Mexico - Anti-Dumping Investigation of High Fructose Corn Syrup (HFCS) from the United States - Recourse to Article 21.5 of the DSU by the United States*, WT/DS132/12, Oct. 22, 2001, found at Internet address *http://docsonline.wto.org/*, retrieved on Mar. 7, 2002.

Table 4-2
High-fructose corn syrup: Formal U.S. complaints about antidumping duties, and the Mexican responses

Date of action	Action under WTO	Action under NAFTA
1-28-98		Corn Refiners Association in the United States requests dispute settlement proceedings under Ch.19.
10-8-98	U.S. Government requests establishment of a dispute settlement panel.	
1-28-00	WTO dispute panel rules against Mexico; finds insufficient evidence for a threat of injury of the Mexican sugar industry.	
9-20-00	Mexico's antidumping authority determines once again that there is a threat of injury. The United States challenges this redetermination.	
6-22-01	WTO dispute panel agrees with U.S. view.	
8-3-01		NAFTA rules against Mexico, directing it to remove duties. Mexico continues to retain duties.
10-22-01	WTO appellate body agrees with U.S. view.	

Source: Prepared by USITC staff.

In addition, in its August 2001 reply to the 1998 U.S. request, the NAFTA dispute panel reached the same overall conclusion as the WTO panel and WTO Appellate Body, stating that "the Secretary of the Economy has failed to establish threat of injury to the Mexican sugar industry because of these imports."[116] The NAFTA panel gave Mexico 90 days to either terminate the duties and refund the amounts already collected, or "establish legitimate grounds for the duties." On November 23, Mexico announced that it would not remove the duties and that it had submitted a new argument justifying the duties for the NAFTA panel's review.[117]

Year-end Developments

Under NAFTA, the United States is entitled to take retaliatory action if Mexico does not comply with the panel ruling. However, at a December 10, 2001 meeting with Mexican

[116] "Review of the Final Determination of the Antidumping Investigation on Imports of High Fructose Corn Syrup Originating from the United States of America, Case: MEX-UNITED STATES-98-1904-01," Aug. 3, 2001, Courtesy Translation, Public Version, Executive Summary, found at Internet address *http://www.nafta-sec-alena.org/english/index.htm*, retrieved on Mar. 1, 2002.

[117] "U.S., Mexico Agree to Seek Solution to Disputes Over Sweeteners," *BNA-International Trade Daily*, Dec. 13, 2001.

officials, U.S. officials said that they are not presently planning retaliatory action.[118] At that meeting, both parties signed a letter of commitment agreeing to negotiate an integrated solution to the sugar and HFCS issues soon.[119]

Japan

As in 2000, few bilateral issues existed between the United States and Japan in 2001. The major trade discussions between the two countries focused on autos and parts and a new agreement entitled "U.S.-Japan Economic Partnership for Growth."

The negotiations on autos centered on extending the expired auto and auto parts agreement. Following several rounds of talks, a new consultative group was created to handle future market access issues for autos.

The other major bilateral topic during 2001 was the creation of the Economic Partnership for Growth to discuss a wide range of global, regional, and bilateral economic and trade issues. Several new initiatives were started under the Partnership: the Investmtent Initiative, the Financial Dialogue, and the Trade Forum.

Examples of other ongoing issues were sectoral deregulation (including telecommunications, investment, and information technology), structural deregulation (including competition policy, distribution, transparency, and commercial code), construction, intellectual property rights, insurance, and investment.

U.S. trade with Japan decreased by 12.9 percent in 2001, from $206.5 billion in 2000 to $179.7 billion in 2001. U.S. exports to Japan decreased by 11.8 percent to $53.5 billion in 2001, and U.S. imports from Japan declined by 13.5 percent to $126.1 billion in 2001. As a result, the merchandise trade deficit with Japan declined from $85.0 billion in 2000 to $72.6 billion in 2001. In 2001, the leading export items to Japan were parts of aircraft or helicopters, metal oxide semiconductors, parts and accessories for automated data processing machines and units, corn, and cigarettes. Leading imports from Japan in 2001 were passenger motor vehicles, parts and accessories for automated data processing machines, input or output units for automated data processing machines, still image video cameras and other video camera recorders, video games used with television receivers, metal oxide semiconductors, and parts and accessories for motor vehicles. U.S.-Japan trade data are shown in tables A-10 through A-12.

[118] Meeting on December 10-11, 2001, of Robert Zoellick, U.S. Trade Representative; William Lash, U.S. Undersecretary of Commerce; and Luis Ernesto Derbez, Mexico's Economy Minister; and Luis de la Calle, Undersecretary for International Trade Negotiations with the Economy Ministry.

[119] "U.S., Mexico Agree to Seek Solution to Disputes Over Sweeteners," *BNA-International Trade Daily*, Dec. 13, 2001.

Autos and Parts

During 2001, the United States trade deficit with Japan in autos and auto parts declined to $41.7 billion from $44.2 billion in 2000. Three-fourths of the automotive trade deficit was accounted for by vehicles.[120]

On January 10, 2001, Commerce Secretary Norman Mineta stated that the Bush Administration would take a tough approach towards bilateral auto trade and reiterated demands for an extension of the expired auto and auto parts agreement.[121] He rejected Japan's 2000 proposal for bilateral government/private sector discussions on auto standards, certification, environment, and other issues not directly related to trade. During a meeting the next day with Mineta, Takeo Hiranuma, Japan's Minister of Economy, Trade, and Industry repeated Japan's proposal aimed at promoting cooperation and auto industry-related harmonization in areas such as standards, certification, and the environment. Mineta asked Japan to improve market access for foreign automakers and suppliers. Both officials confirmed the importance of bilateral talks, but no future meeting was set at that time.[122]

In April, four months after the 1995 U.S.-Japan auto agreement expired, Japanese auto producers continued to argue that globalization of the industry had eliminated the necessity for an extension of the agreement. While the Japanese producers believed that some form of government-to-government talks were needed, they viewed the U.S. demands of 2000 as being too insistent and not reflective of the changing global industry.[123]

In August, the United States proposed to begin annual talks on autos and parts. The new round of talks among working-level officials was to be held once a year starting in the fall.[124] The first round was scheduled for September 12 and 13 in Seattle; however, due to the terrorist attacks, the talks were postponed. On September 26, U.S. and Japanese officials held a video conference in which they discussed a U.S. proposal and the Japanese counterproposal that would eliminate market access issues from the agenda. The two sides set no date for further discussions. The United States was expected to respond to the Japanese counterproposal by broadening participation beyond the Commerce Department and USTR.[125]

In October, the United States and Japan held a series of meetings to discuss future bilateral auto consultations. The two sides decided to create the U.S.-Japan Automotive Consultative Group to improve U.S. access to the domestic automotive market in Japan

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[120] U.S. Department of Commerce statistics.

[121] For information about the expired 1995 U.S.-Japan auto agreement, see USITC, *Operation of the Trade Agreements Program, 52nd Report, 2000*, USITC publication 3428, June 2001, pp. 4-22 to 4-24. Bureau of National Affairs, Inc, "Mineta Repeats Plea for Extension of Lapsed Auto Accord With Japan," International Trade Daily, Jan. 12, 2001.

[122] Bureau of National Affairs, Inc., "Mineta Repeats Plea for Extension of Lapsed Auto Accord With Japan," International Trade Daily, Jan. 12, 2001.

[123] U.S. Department of State telegram, "Japanese Auto Makers Focused on Globalization Strategies," message reference no. 02706, prepared by U.S. embassy, Tokyo, Apr. 19, 2001.

[124] Kyodo, "Japan, U.S. Likely to Start New Round of Auto Trade Talks," Aug. 15, 2001.

[125] Inside U.S. Trade, "U.S., Japan Discuss Auto Dialogue, Reschedule Subcabinet Meeting," Sept. 28, 2001.

and Japanese auto plants in the United States. The group is to be co-chaired by the Commerce Department and the U.S. Trade Representative for the United States and the Ministry of Economy, Trade, and Industry and the Ministry of Land, Infrastructure, and Transport for Japan. The Automotive Consultative Group will assess trends in the industry based on a series of trade and economic data on autos and automotive parts to be provided by the United States and Japan. In addition, the group will address market access issues as well as needed regulatory reform in Japan. The U.S. Government is expected to consult closely with the U.S. auto and auto parts industries in developing the agenda for the first meeting, to be held in 2002.[126]

U.S.-Japan Economic Partnership for Growth

Following an informal summit at Camp David between President Bush and Japanese Prime Minister Koizumi, on June 30, 2001, the United States and Japan launched a new bilateral forum for discussing a wide range of global, regional, and bilateral economic and trade issues: the U.S.-Japan Economic Partnership for Growth. The "Partnership" is aimed at "promoting sustainable economic growth by focusing on sound macroeconomic policies, structural and regulatory reform, financial and corporate restructuring, foreign direct investment, and open markets."[127] The origins of the Partnership concept are in proposals made in the fall of 2000 by Japan's Ministry of Economy, Trade, and Industry (METI) and the Ministry of Foreign Affairs (MOFA).[128] In accordance with these proposals, the top of the new Partnership is a senior-level forum chaired on the U.S. side by the National Security Council and on the Japanese side by MOFA. This U.S.-Japan Subcabinet Economic Dialogue consists of officials at the Deputy/Vice Ministerial level from key economic agencies who are to meet to set the overall tone of the economic relationship and to deal with a full range of U.S.-Japan issues. For example, this group is to address macroeconomic and structural issues facing the two economies and cooperate on such issues as APEC and the WTO.

A Private Sector/Government Commission ("Commission") was set up to better integrate private sector views and recommendations into the two governments' work. This Commission consists of private sector participants from leading industries in the United States and Japan who are to meet with senior government officials to offer recommendations on bilateral issues.[129]

Several new initiatives were started under the Partnership: the Regulatory Reform and Competition Policy Initiative ("Regulatory Reform Initiative"), the Investment Initiative, the Financial Dialogue, and the Trade Forum. The Regulatory Reform Initiative is designed to promote economic growth by focusing on sectoral and cross-sectoral issues related to regulatory reform and competition policy. This initiative replaces the

[126] USTR, "U.S. and Japan Launch New Forum to Address Bilateral Automotive Issues," press release 01-85, Oct. 18, 2001.

[127] USTR, "The U.S.-Japan Economic Partnership for Growth," fact sheet, June 30, 2001.

[128] "'W' Produces a new SII," *The Oriental Economist*, July 2001.

[129] USTR, "The U.S.-Japan Economic Partnership for Growth," fact sheet, June 30, 2001; and The White House, "Annex to U.S.-Japan Joint Statement U.S.-Japan Economic Partnership for Growth," Camp David, June 30, 2001.

Enhanced Initiative on Deregulation and Competition Policy established in 1997.[130] The new Regulatory Reform Initiative is to build upon the work of the Enhanced Initiative and to focus on key sectors and cross-sectoral issues in which reforms are taking place. A high level Officials Group was to be established to oversee the working groups. Annual reports are to be submitted to the President and the Prime Minister describing the progress made under the Regulatory Reform Initiative, including measures to be taken by both governments. Four sectoral working groups (telecommunications, information technologies, energy, and medical devices/pharmaceuticals) and one cross-sectoral working group was established to address measures to promote regulatory reform and competition policy. The cross-sectoral working groups were to address such topics as competition policy, transparency, legal reform, commercial code issues, distribution, customs clearance procedures, and business facilitation. Additional working groups may be established in the future.[131] On October 16, as part of the Regulatory Reform Initiative, the United States submitted wide-ranging reform recommendations to Japan designed to further deregulate the economy, bolster competition, and open markets in Japan.[132] The recommendations focused on key sectors and cross-cutting areas that Prime Minister Koizumi and the Government of Japan have identified as important for reform such as information technologies, telecommunications, medical, energy, and competition policy. Working Groups under the Regulatory Reform Initiative began meeting in the fall and a deputies-level meeting was to take place in early 2002.[133]

The Financial Dialogue is to serve as a forum for the Department of the Treasury and the Ministry of Finance and the Financial Services Agency to exchange views on a range of macroeconomic and financial sector issues of mutual importance, including banks' nonperforming loans. The first topic to be considered is Japan's debt problem.[134]

The Investment Initiative is to address laws, regulations, policies, and other measures designed to improve the environment for direct investment in both countries. Some of the issues to be addressed by the initiative included the structure and operation of corporations, corporate governance, corporate transparency, bankruptcy, labor mobility, and land market liquidity.[135]

The Trade Forum is to address a broad range of sector issues including those related to the manufacturing, services and agricultural sectors. This Forum is to serve as an "early-warning" mechanism to facilitate expeditious resolution of emerging trade problems. The Forum is to meet once a year and more frequently as necessary; and it will be chaired by USTR and MOFA.[136]

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[130] For background information on the Enhanced Initiative on Deregulation and Competition Policy, see USITC, *The Year in Trade: OTAP 1998*, USITC pub. 3192, pp. 62-63.

[131] The White House, "Annex to U.S.-Japan Joint Statement U.S.-Japan Economic Partnership for Growth," Camp David, June 30, 2001.

[132] USTR, "United States Presents Wide-Ranging Reform Proposals in Japan," press release 01-83, Oct. 16, 2001.

[133] Ibid.

[134] USTR, "The U.S.-Japan Economic Partnership for Growth," fact sheet, June 30, 2001; and The White House, "Annex to U.S.-Japan Joint Statement U.S.-Japan Economic Partnership for Growth," Camp David, June 30, 2001.

[135] Ibid.

[136] Ibid.

The new Partnership resembles the Structural Impediments Initiative (SII) launched during 1989; however, there are differences in purpose. The original SII was aimed at increasing market access for U.S. exports. The new Partnership is aimed at helping to revive Japanese economic growth.[137]

Several meetings under the new Partnership were held before the end of 2001. Some examples of the topics addressed in the meetings were economic issues (the disposal of bad loans by Japanese banks and foreign exchange), reform of Japan's health care system (changes in pharmaceutical and medical device pricing), and deregulation. The discussions were expected to continue in 2002.[138]

China

Fourteen years after applying for readmission to the WTO's predecessor, the GATT, the People's Republic of China completed all bilateral and multilateral negotiations, and on December 11, 2001, became the 143rd member of the international trading body. With China in the WTO, the United States continues to monitor the U.S.-China trade relationship closely. This effort includes technical assistance programs for Chinese business leaders and government trade authorities to increase knowledge and understanding of WTO rules and commitments. In addition, the U.S. Government is using an interagency approach to measure and ensure Chinese compliance with its many WTO commitments.

Trade with the United States

The U.S. merchandise trade deficit with China was $84.1 billion in 2001, a 0.2 percent decrease from the 2000 deficit. Total U.S. domestic exports to China increased by 17.1 percent in 2001 to $18.0 billion, while U.S. imports for consumption rose by 2.5 percent to $102.1 billion.[139] China ranked fifth in terms of total trade turnover with the United States in 2000, behind the EU, Canada, Mexico, and Japan. The sectors with the largest exports to China included machinery and transport equipment, chemicals and related products, crude materials, and miscellaneous manufactured articles. The leading exports to China, classified by schedule B numbers included airplanes and other aircraft, soybeans, semiconductors, fertilizers, and automated data processing machines (table A-14). The sectors with the largest U.S. imports from China included miscellaneous manufactured articles, machinery and transport equipment, manufactured goods classified by material, and chemicals and related products. The leading imports from China, classified by schedule B numbers included parts for automated data processing machines, footwear, toys, articles for Christmas festivities, and video recorders (table A-15).

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[137] "'W' Produces a new SII", *The Oriental Economist*, July 2001. For background information on SII, see USITC, *The Year in Trade: OTAP*, 42nd Report, 1990, USITC publication 2403, 1991, pp. 118-19.

[138] Bureau of National Affairs, Inc., "Japan, U.S. Set Sept. 15 for First Meeting of Economic Dialogue Initiative, Officials Say,", *International Trade Daily*, Sept. 4, 2001 and "U.S. Urges Health Care System Reform in Japan," *Washington Trade Daily*, Oct. 29, 2001

[139] U.S. Department of Commerce official trade statistics.

After posting 28-percent annual export growth to the world in 2000, Chinese exports slowed to 6.8-percent annual growth, short of the government target of 8.0 percent export growth. Similarly, Chinese imports from the world slowed from 36-percent annual growth in 2000 to 8.2-percent growth in 2001. China maintained an overall trade surplus, but the large decrease in trade helped slow overall Chinese GDP growth rate to its lowest level in a decaade, 7.3 percent.[140]

WTO Accession

The World Trade Organization (WTO) members formally approved an agreement on the terms of accession for the People's Republic of China on November 10, 2001, at the WTO Ministerial Conference in Doha, Qatar. A day later, China signed this agreement and deposited its instrument of ratification with the Director-General of the WTO. President Bush welcomed the Ministerial decision, saying the entry of China and Taiwan[141] into the WTO "will strengthen the global trading system and expand world economic growth."[142]

On January 1, 2002, China Custom Announcement No. 22 came into force, implementing China's WTO accession import schedule. The new schedule cuts the duty on 5,332 of the 7,316 products listed in China's harmonized tariff schedule. The average rate for nations accorded most-favored-nation (MFN) status decreased from 15.3 percent to 12.0 percent. The average MFN tariff rate for industrial products in China is now 11.6 percent. Crude and refined oil now face 6.1 percent duties; chemical products 7.9 percent; timber and paper products, 8.9 percent; machinery, 9.6 percent; and electronic products, 10.7 percent. The average rate for agricultural products is now 14.3 percent.[143] Tariffs on industrial goods of greatest importance to U.S. businesses will be reduced from a base average of 25 percent to 7 percent.[144]

According to the Office of the U.S. Trade Representative, substantive highlights of China's WTO accession commitments include:[145]

- China has committed to undertake systematic reforms that will promote transparency, predictability, and fairness in business dealings.
- China will assume the obligations of more than 20 existing multilateral WTO agreements, with only minimal transition periods where necessary.

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[140] U.S. Department of State telegram, "China 2002 National Trade Estimate Report, Embassy Draft," message reference number 000668, prepared by U.S. Embassy, Beijing, China, Jan. 25, 2002.

[141] Taiwan enters the WTO as part of a separate customs territory, which includes Taiwan, Penghu, Kinmen, and Matsu. See WTO, "WTO successfully concludes negotiations on entry of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu," Found at internet address *http://www.wto.org.*, retrieved Mar. 13, 2002.

[142] The White House, Office of the Press Secretary, "President Welcomes China, Taiwan into the WTO," press release, Nov. 11, 2001.

[143] U.S. Department of State telegram, "WTO Implementation: Tariff Rates Come Down, Finally," message reference number 00120, prepared by U.S. Embassy, Beijing, China, Jan. 4, 2002.

[144] USTR, China, Hong Kong, Mongolia, Taiwan: China's Accession to the WTO," found at Internet address *http://www.ustr.gov*, retrieved January 25, 2002.

[145] Ibid.

- China has made numerous trade-liberalizing commitments that take into account the special characteristics of China's economy and will help improve market access across sectors.
- China will make substantial tariff reductions on industrial and agricultural goods of importance to U.S. businesses and farmers.
- China has made far-reaching services commitments that should substantially increase market access for U.S. services suppliers.
- With regard to the enforcement of China's commitments, the accession agreement creates a special multilateral mechanism for reviewing China's compliance on an annual basis, and it confirms that dispute settlement is a tool that is available to WTO members.
- China has consented to the creation of special safeguard mechanisms to protect businesses, farmers, and workers of existing WTO members.[146]

China's Compliance

Following China's accession to the WTO, a new focus of U.S. trade policy is monitoring Chinese compliance with its WTO agreements. The President has set up a new interagency working group led by the Office of the U.S. Trade Representative. The group will work under the framework of the Trade Policy Staff Committee (TPSC), and it held its first meeting on December 4, 2001. The TPSC system is a three-tiered system for dealing with issues not quickly resolved in bilateral negotiations. The three levels are comprised of a staff and subcommittee level, the deputy-level Trade Policy Review Group (TPRG), and the cabinet level National Economic Council.[147]

A major component of the U.S. monitoring initiative will be conducted in China by the U.S. Embassy staff in Beijing and U.S. consulates around China. The U.S. Embassy has informed the China-WTO Compliance TPSC that it will require a number of new trade policy staffing positions in China to meet the immediate requirements of compliance monitoring. In this regard, the U.S. Congress has already appropriated funds to establish four additional foreign commercial services (FCS) positions in China and one additional foreign agricultural service (FAS) position. More staffing decisions are likely to be made in the near future.[148]

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[146] 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*, USITC publication 3229, Sept. 1999. Also see USTR, *Summary of U.S.-China Bilateral WTO Agreement*, released Feb. 2, 2000.

[147] Inside U.S.-China Trade. "U.S. Sets Up Interagency Group to Deal with China WTO Compliance," found at Internet address *http://www.chinatradeextra.com*, retrieved Jan. 25, 2002.

[148] U.S. Department of State telegram, "USG Action Plan for WTO Compliance: Mission Human Resource Requirements," message reference number 000969, prepared by U.S. Embassy, Beijing, China, Jan. 4, 2002.

U.S. Technical Assistance in China for WTO

Supplementing China's own efforts to organize and educate its government and business community on the language and rules of WTO membership, the Unites States and several other countries are sponsoring programs in and outside of China. These programs focus on basic WTO principles, such as national treatment, subsidies, and dispute resolution mechanisms, and are aimed at helping China implement its WTO obligations. A partial list of the foreign-sponsored WTO training programs in China was compiled by the U.S.-China Business Council.[149] Table 4-3 presents U.S. Government-sponsored programs. Table 4-4 presents nongovernment-sponsored programs and programs sponsored by other governments.

Taiwan

The World Trade Organization (WTO) members formally approved an agreement on the terms of accession for the Separate Customs Territory of Taiwan Penghu, Kinmen and Matsu on November 11, 2001, at the WTO Ministerial Conference in Doha, Qatar. Noting that Taiwan is the 16th largest economy in the world, President Bush predicted an expansion of world trade and economic growth, but reminded Taiwan that it "faces challenges in implementing it's WTO commitments."[150] The United States welcomed the accession of Taiwan to the WTO, but continued to push Taiwan on several trade related issues, the most significant being that of intellectual property rights enforcement.

Trade with the United States

The U.S. merchandise trade deficit with Taiwan measured $16.6 billion in 2001, a 7.5-percent decrease from 2000. Total U.S. domestic exports to Taiwan decreased by 25.8 percent in 2001 to $16.6 billion, while U.S. imports for consumption decreased by 17.6 percent to $33.3 billion.[151] Taiwan ranked ninth in terms of total trade turnover with the United States in 2001. The sectors with the largest exports to Taiwan included machinery and transport equipment, chemicals and related products, crude materials, and miscellaneous manufactured articles. The sectors with the largest U.S. imports from Taiwan included miscellaneous manufactured articles, machinery and transport equipment, manufactured goods classified by material, and chemicals and related products.

Reflecting the global economic slowdown, Taiwan's exports to the world decreased 17.3 percent in 2001, after annual growth of 23.2 percent the year before. Similarly, in 2001, Taiwan's imports from the world decreased by 23.8 percent, after annual growth of 29.1 percent in 2000.[152]

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[149] U.S. Department of Commerce official trade statistics.

[150] Taiwan Ministry of Economic Affairs, Board of Foreign Trade, found at Internet address *http://www.moeaboft.gov.tw*, retrieved Mar. 13, 2002.

[151] *The China Business Review*, "WTO at Last: Foreign Contributions to WTO Capacity Building," Jan.-Feb. 2002, pp. 10–11.

[152] The White House, Office of the Press Secretary, "President Welcomes China, Taiwan into the WTO," press release, Nov. 11, 2001.

Table 4-3
Selected U.S. Government-supported WTO training events for China, 2001

Sponsor	City	Date	Training event
Department of Commerce / U.S. and Foreign Commercial Service	Beijing	December 2001	Presentation by American Bar Association on telecommunications regulatory issues post-WTO
	Lanzhou, Gansu	December 2001	WTO basics and dispute resolution for Gansu government and business leaders
	Shijiazhuang, Hebei	November 2001	WTO basics for Hebei provincial officials and enterprise representatives
	Beijing	November 2001	WTO basics for Beijing Administrative College Staff
	Chongqing	November 2001	WTO basics for Chongqing city officials and entrepreneurs
	Tianjin	October 2001	WTO basics and antidumping for Tianjin officials and business leaders (joint with U.S. China-Business Council)
	Kunming, Yunnan	September 2001	Workshop on quality systems and standards for medical device regulations
	Beijing	August 2001	Telecom standardization issues
	Hangzhou, Zhejiang, Shenyang, Liaoning, Xiamen, Fujian	July 2001	Series of IPR events to train PRC officials on TRIPs issues and prosecution of violators
	Guiyang, Guizhou Chengdu, Sichuan Beijing, Wuhan, Hubei Xi'an, Shaanxi	July 2001 June 2001 May 2001 April 2001	Workshops on WTO principles, globalization, investment, and transparency issues with various speakers
Public Affairs Section (US Embassy)	Beijing	June 2001	IPR enforcement training delegation
	Xi'an, Shaanxi	January 2001	Training for judicial officers
Agricultural Section (US Embassy)	USA	May 2001	Training for judicial officers

See footnotes at end of table.

Table 4-3—*Continued*
Selected U.S. Government-supported WTO training events for China, 2001

Sponsor	City	Date	Training event
U.S. Consulate in Shanghai	Shanghai	April 2001	WTO dispute resolution seminar
	Shanghai	December 2000	WTO dispute resolution seminar for Hangzhou officials
	Shanghai	October 2000	Lecture on legal aspects of WTO entry
	Shanghai	March 2000	WTO assessment seminar
U.S. Customs Service (U.S. Embassy)		2001	Training for enforcement officials
State of Hawaii	Hawaii	August 2001	Use of law school resources at the University of Hawaii to discuss WTO impact at local and regional levels

Note.—MOFTEC is Ministry of Foreign Trade and Economic Cooperation.

Source: U.S.-China Business Council.

Table 4-4
Selected Non-Government-supported, and foreign-supported WTO training events for China

Sponsor	City	Date	Training event
The U.S.-China Business Council	Beijing	November 2001	WTO book and translation donation to MOFTEC (joint with US embassy and Ford Foundation)
	Shanghai	2000-02	Digital video-conferences with Shanghai WTO Affairs Consulting Center
The Ford Foundation	Washington, DC	Fall 2000, 2001	Training of Chinese officials in two-week intensive programs
Asian Development Bank		Ongoing	Cooperating with MOFTEC under “Technical Assistance to the PRC on WTO Membership and Foreign Trade Law Reform,” program
Asia Foundation		Ongoing	Assisting legal education through support of PRC National Legal Aid Center
World Bank	Distance Learning	August 2001	Five weeks of programs in more than 10 cities on international trade and WTO accession
Georgetown University	Washington, DC	2001	WTO law and policy courses for PRC officials
Harvard University Kennedy School of Government China Public Policy Program	Cambridge, MA	Ongoing	Training and related seminars for PRC Officials
European Union	Beijing	2000-2003 1998-2003	EU-China program for China’s accession to WTO EU-China Intellectual Property Rights Seminar
United Kingdom	Beijing	2000-2004	British Council leads EU consortium in EU-China Judicial Cooperation program
Germany	Beijing	2000	Worked to establish WTO Inquiry Center
	Beijing	1997-2000	German Technology Cooperation-led assistance to PRC
	Beijing	1997-2000	Sino-German cooperation in economic law
Australia	Beijing, Austalia	1998-2002	Training research, capacity building
Japan		Ongoing	Research and training projects in industries such as insurance, tax, agriculture, accounting, and logistics

Source: U.S.-China Business Council.

WTO Accession[153]

On December 11, 2001, the WTO Ministerial Conference announced the accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) on the terms set in the group's accession protocol.[154] On January 1, 2002, Taiwan officially entered the World Trade Organization as its 144th member.[155]

In joining the WTO, Taiwan pledged to reduce tariff and nontariff barriers to trade. Taiwan's tariff concessions include:

- The average nominal tariff rate will be reduced from 7.0 percent in 2002 to 5.5 percent in 2007–an overall reduction of 32.6 percent and involving 4,491 tariff lines.
- The average nominal agricultural tariff rate will be reduced from 14.0 percent in 2002 to 12.9 percent in 2007–an overall reduction of 35.8 percent and involving 1,021 tariff items;
- The average nominal industrial tariff will be reduced from 5.8 percent in 2002 to 4.2 percent in 2004–an overall reduction of 31.2 percent and involving 3,470 tariff items.[156]

Taiwan's nontariff concessions include:

- Eliminate export subsidies and domestic subsidies to the agricultural sector;
- Abide by the multilateral rules on import licenses, quotas, import bans, customs standards, sanitary and phytosanitary restrictions, and product specifications;
- Abolish the liquor and tobacco monopoly;
- Open up the financial services market (banking, insurance, securities, foreign exchange, and services) to foreign companies;
- Open up telecommunication services market to foreign companies; and
- Open up professional services market (law, accounting, construction, education, real estate, and medical) to foreign competitors.[157]

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[153] Taiwan enters the World Trade Organization as part of a customs territory–The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu.

[154] World Trade Organization, "Accession of the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu: Decision of 11 November 2001." WTO Document WT/L/433, found at Internet address *http://www.wto.org*, retrieved on Jan. 20, 2002.

[155] Taiwan Studies Institute, "Taiwan Joins WTO, Opens Further to China," found at Internet address: *http://www.taiwanstudies.org*, retrieved Feb. 8, 2002.

[156] Dr. Rong-I Wu. "Taiwan's Future Economic Place in the World," a paper presented at the Taiwan: Economic Issues Ahead Conference, Center for Strategic and International Studies (CSIS), Washington, D.C., Feb. 6, 2002.

[157] Ibid.

U.S.-Taiwan Free Trade Agreement Act

On November 6, 2001, Senator Max Baucus (D-Montana) introduced legislation to establish a free trade agreement with Taiwan. In his statement on the Senate floor, Senator Baucus noted that Taiwan is an "important ally in the Asia-Pacific region." The bill introduced would authorize the President to begin negotiations on a Free Trade Agreement (FTA) with Taiwan, and would provide fast-track consideration of a completed agreement by the Congress.[158]

In a related action, the U.S. Senate Committee on Finance formally requested the U.S. International Trade Commission to conduct an assessment of the economic effects of the establishment of a free trade agreement between the United States and Taiwan. Under section 332(g) of the Tariff Act of 1930, the Commission is asked to provide, to the extent possible, the following:

- A general overview of the Taiwan economy;
- An overview of the current economic relationship between the United States and Taiwan, including a discussion of the important industry sectors in each;
- An inventory and analysis of the barriers (tariff and nontariff) to trade between the United States and Taiwan;
- The estimated economic effects of eliminating all quantifiable trade barriers (tariff and non-tariff), with special attention to agricultural goods; and
- A qualitative assessment of the economic effects of removing nonquantifiable trade barriers.

The Senate Committee on Finance asked that the Commission provide the report by October 2002. The analysis should include a dynamic as well as a static analysis of the economic effects of removing the barriers of trade between the United States and Taiwan.[159]

Other Issues

While Taiwan has enacted many laws and policies meant to improve intellectual property rights (IPR) protection, enforcement remains a subject of consultations with the United States. Because of enforcement problems and pirating in Taiwan, in April 2001, Taiwan was upgraded from the United States Trade Representative's Special 301 general watch list to the priority watch list.[160] According to the USTR, despite significant efforts of some in Taiwan to improve IPR protection, concrete results in key

[158] Taiwan Studies Institute, "Baucus Introduces U.S.-Taiwan Free Trade Agreement Act," found at Internet address: *http://www.taiwanstudies.org*, retrieved Feb. 8, 2002.

[159] United States Senate Committee on Finance, letter to the International Trade Commission requesting a study on a U.S.-Taiwan Free Trade Agreement, Jan. 17, 2002.

[160] U.S. Department of State telegram, "2001 Investment Statement-Taiwan Part 1," message reference number 02520, prepared by the American Institute in Taiwan, Taipei, July 13, 2001.

areas have not been achieved. These important areas include: 1) improving a prejudicial climate in the Taiwan court system relative to the protection of foreign copyright and patents, and 2) enforcing an effective system for placing identifying marks on audio and video CDs as well as computer chips.[161]

Several U.S. Government delegations have visited Taiwan to discuss IPR issues. A USTR delegation informed Taiwan in February 2001 that it would likely be moved to the priority 301 list. During these consultations, the Taiwan Ministry of Justice, the Judicial Yuan, the Taiwan Board of Foreign Trade, and the Intellectual Property Office promised cooperation with U.S. IPR concerns. USTR thanked Taiwan authorities for their efforts, but pointed to several examples of IPR problems, including a lack of vigorous follow-up by Taiwan IPR prosecutors and judges, lack of police seizures of counterfeit products, and specific problems in the Taiwan pharmaceuticals industry.[162]

In January 2002, U.S. Assistant Secretary of Commerce William H. Lash became the first official of this administration to visit Taiwan. As the head of the Department of Commerce's Market Access and Compliance Division, Lash praised Taiwan's efforts in reducing tariffs, lowering trade barriers, and increasing transparency. But Lash, too, called for better enforcement of IPR protection in Taiwan. At a speech to the Center for Strategic and International Studies in Washington, D.C., Lash said that although Taiwan has implemented TRIPs-consistent statutory and regulatory infrastructure over the past 15 years, the weak link in Taiwan is the judiciary.[163]

Korea

U.S.-Korean trade relations were again calm in 2001, 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 following the 1997 crisis called for liberalizations as a condition of its loans. Korea's economy rebounded strongly from the slump that began in late 1997, growing by 10.9 percent in 1999, and by 8.8 percent in 2000, before registering growth of around 2.8 percent in 2001 as the global economy slowed.[164]

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[161] USTR,."Taiwan Issues Summary," found at Internet address *http://www.ustr.gov*, retrieved January 24, 2002.

[162] U.S. Department of State telegram, "Taiwan: USTR-Led Delegation Slams Enforcement Efforts," message reference number 00802, prepared by the American Institute in Taiwan, Taipei, Mar. 13, 2001.

[163] William H. Lash, Assistant Secretary of Market Access and Compliance, U.S. Department of Commerce. Speech at the Center for Strategic and International Studies, Washington, D.C., Feb. 6, 2002. A copy of his remarks is available at internet address: *http://www.csis.org*.

[164] Florence Lowe-Lee, "Economic Trends," *Korea Insight*, Korea Economic Institute of America, March 2000, March 2001, and February 2002.

There was one major bilateral trade issue involving the United States and Korea in 2001. In January, the WTO Dispute Settlement Body (DSB) adopted the findings and recommendations with regard to Korea's imports of beef reported by the WTO Appellate Body in December 2000. In September, Korea brought its beef marketing system into compliance, ending its system of separate stores for domestic and imported beef.

U.S. trade with Korea totaled nearly $56 billion in 2001. U.S. exports to Korea fell 20.5 percent to $20.9 billion in 2001. U.S. imports fell less steeply, by 12.3 percent to $34.9 billion, resulting in a $14.0 billion U.S. trade deficit with Korea in 2001. Leading U.S. exports to Korea in 2001 included metal oxide semiconductors, airplanes, aircraft parts, and machines and mechanical appliances having individual functions (mostly semiconductor production machinery). Leading U.S. imports from Korea include automobiles, transmission apparatus incorporating reception apparatus (mostly cellular phones), and metal oxide semiconductors. U.S.-Korea trade data are shown in tables A-19 through A-21.[165]

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.[166] 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 December 1999, and Canada and New Zealand became third parties to the process.[167]

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.[168] Korea appealed the ruling on September 11, 2000.[169]

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[165] USITC, U.S. Korea FTA: *The Economic Impact of Establishing a Free Trade Agreement (FTA) Between the United States and the Republic of Korea,* (Investigation No. 332-425), USITC publication 3452, Septemer 2001.

[166] Korean commitments and existing bilateral agreements are discussed in the following section.

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

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

[169] WTO, "Update of WTO Dispute Settlement Cases," WT/DS/OV/4, Feb. 6, 2002, p. 76.

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.[170]

On January 10, 2001, the DSB adopted the Appellate Body findings and recommendations.[171] On February 1, 2001, Korea indicated its intentions to implement the Appellate Body's recommendations with respect to the dual retail system and that it needed a reasonable period of time for implementation.[172] On April 19, 2001, Korea agreed to implementation by September 10, 2001.[173] On September 7, 2001, Korea announced the adoption of measures effective September 10, 2001, ending the dual retail system for imported and domestic beef.[174]

Background

Korean beef imports have been governed by three agreements between Korea and the United States negotiated in 1990 and 1993.[175] 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.[176] The agreements established a system to phase out Korean Government involvement in the importation of beef by January 1, 2001.[177] During the phaseout period, retail sale of imported beef was only allowed in specially designated stores that, with few exceptions, were not allowed to sell Korean beef.[178] Stores were required to display an exterior sign indicating what type of beef–domestic or imported–they sold. Imported beef was excluded from about 90 percent of stores

[170] 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.

[171] WTO, Dispute Settlement Body, "Minutes of the Meeting Held in the Centre William Rappard on 10 January 2001," WTO/DSB/M/96, Feb. 22, 2001, pp. 1-5.

[172] WTO, Dispute Settlement Body, "Minutes of the Meeting Held in the Centre William Rappard on 1 February 2001," WTO/DSB/M/98, Mar. 20, 2001, p. 12.

[173] WTO, "Korea - Measures Affecting Imports of Fresh, Chilled, and Frozen Beef (WT/DS161 and WT/DS169): Agreement Pursuant to Article 21.3(b) of the DSU," WT/DS161/12 and WT/DS169/12, Apr. 24, 2001.

[174] U.S. Department of State telegram, "WTO Dispute Settlement Body Meeting 25 September 2001: Instructions for U.S. Delegation," message reference No. 165354, prepared by U.S. Department of State, Washington, D.C., Sept. 24, 2001.

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

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

[177] For more detail, see USITC, *The Year in Trade: Operation of the Trade Agreements Program: 52nd Report, 2000*, USITC publication 3428, June 2001, pp. 4-42 to 4-46.

[178] At the WTO Dispute Settlement Body meeting of Feb. 1, 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, Dispute Settlement Body, "Minutes of the Meeting Held in the Centre William Rappard on 1 February 2001," WTO/DSB/M/98, Mar. 20, 2001, p. 12.

selling beef.[179] The Korean contention was that the separate retail stores were necessary to prevent the fraudulent sale of imported beef as Hanwoo (Korean) beef.

Korean imports of beef regularly exceeded the announced quota levels through 1996.[180] 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,[181] culminating in the establishment of a WTO dispute-settlement panel in May 1999.[182]

In its complaint against Korea before the panel, the United States alleged a regulatory scheme that discriminated 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 contended that these restrictions applied only to imported beef, thereby denying national treatment to beef imports, and that the support to the domestic industry amounted to domestic subsidies that contravened the WTO Agreement on Agriculture.[183] 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 national schedule of market-access concessions and commitments.

The main questions addressed by the dispute 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 Livestock Products Marketing Organization–LPMO) improperly restrict its sales of imported beef in 1997 and 1998?,[184] 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 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

[179] U.S. Department of State telegram, "WTO Dispute Settlement Body Meeting 25 September 2001: Instructions for U.S. Delegation," message reference No. 165354, prepared by U.S. Department of State, Washington, DC, Sept. 24, 2001.

[180] 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.

[181] 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, D.C., Mar. 23, 1999.

[182] 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.

[183] WTO, "Update of WTO Dispute Settlement Cases," WT/DS/OV/4, Feb. 6, 2002, p. 75.

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

record-keeping and labeling requirements for imported beef were held to be in violation of WTO rules.

The dispute panel held that the LPMO 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.[185] The December 2000 Appellate Body ruling upheld all of the panel report findings except for those regarding the computation of domestic support for beef. The Appellate Body held that, although Korea did not correctly calculate its domestic support for beef for 1997 and 1998, the methodology used by 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.[186]

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 remained after January 1, 2001.[187] Korea was given a reasonable period of time to consult with the United States and Australia on implementing the elimination of the dual retail system.[188] On April 19, 2001, the United States and Australia reached an agreement with Korea that Korea would have until September 10, 2001 to bring its beef retail system into compliance with WTO rules.[189]

On September 7, 2001, Korea announced that it was adopting measures abolishing the dual retail system for domestic and imported beef, effective September 10, 2001.[190] Under new regulations, beef in the display case must be properly labeled as to whether it is domestic or imported, but outdoor signage is no longer relevant. In addition, retailers must keep records for both taxation and fraud prevention purposes.[191]

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

[186] 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.

[187] 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, D.C., Feb. 7, 2001.

[188] Ibid.

[189] WTO, "Korea - Measures Affecting Imports of Fresh, Chilled, and Frozen Beef (WT/DS161 and WT/DS169): Agreement Pursuant to Article 21.3(b) of the DSU," WT/DS161/12 and WT/DS169/12, Apr. 24, 2001.

[190] U.S. Department of State telegram, "WTO Dispute Settlement Body Meeting 25 September 2001: Instructions for U.S. Delegation," message reference No. 165654, prepared by U.S. Department of State, Washington, D.C., Sept. 24, 2001.

[191] U.S. Department of State telegram, "September 20-21 trade consultations with South Korea: Agriculture," message reference No. 167438, prepared by U.S. Department of State, Washington, D.C., Sept. 26, 2001. It is unclear exactly for how long records must be kept; the Director General for Bilateral Trade Affairs in the Ministry of Foreign Affairs and Trade, Kim Jong-hoon, has stated that the records must be kept for 2 years, whereas U.S. Embassy reporting suggests that the Ministry of Agriculture and Forestry believes that records must by kept for only 1 year.

Brazil

U.S.-Brazilian bilateral trade relations continue to be influenced by Brazil's membership in the Southern Common Market (Mercosur) customs union,[192] and by ongoing negotiations for the Free Trade Area of the Americas (FTAA).[193] Brazil ranked as the 12th largest export market for the United States in 2001, and was the 15th largest U.S. supplier in the year. U.S. exports to Brazil totaled $14.7 billion in 2001, a 4.5 percent increase from 2000, while U.S. imports from Brazil totaled $14.4 billion, a 5.0 percent increase from 2000. Leading U.S. exports to Brazil in 2001 included aircraft and aircraft parts and computer parts and accessories. Leading U.S. imports from Brazil included aircraft, footwear, and petroleum. U.S.-Brazilian trade data are shown in tables A-22 to A-24.

Bilateral Consultative Mechanism Launched

One outcome of a March 30, 2001 meeting between President Bush and Brazil's President Fernando Henrique Cardoso was the creation of a bilateral consultative mechanism on trade and investment. The mechanism was created to institutionalize the bilateral trade dialogue and resolve outstanding bilateral conflicts.[194] The first meeting under the consultative mechanism, held July 19-20, 2001, addressed multilateral issues such as priorities for the WTO Doha ministerial meeting, regional issues such as the FTAA and Western Hemisphere regional trade negotiations, and bilateral issues including Brazilian concerns about U.S. policies with respect to trade in steel[195] and U.S. concerns about drug patent protection in Brazil, discussed in more detail below.[196]

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[192] 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.

[193] The FTAA is discussed in more detail in chapter 3.

[194] U.S. Department of State telegram, "U.S.-Brazil Bilateral Trade Consultative Mechanism Meeting," message reference No. 02708, prepared by U.S. Embassy, Brasilia, Aug. 7, 2001.

[195] Brazil subsequently filed a WTO complaint against the United States on Sept. 18, 2001, and requested that bilateral consultations be held, concerning certain practices in U.S. antidumping investigations. Brazil revised that complaint on Nov. 1, 2001, to address its specific concerns with respect to U.S. antidumping duties imposed on imports of silicon metal from Brazil. WTO, "United States Anti-Dumping Duties on Silicon Metal from Brazil, Request for Consultations by Brazil, " WT/DS239/1Rev.1, Nov. 7, 2001, and "United States: Certain Measures Regarding Anti-Dumping Methodology, Request for Consultations by Brazil," WT/DS239/1, Sept. 21, 2001, found at Internet address *http://www.wto.org/english/tratop_e/dispu_e/distabase_wto_members1_e.htm*, retrieved Feb. 26, 2002.

[196] U.S. Department of State telegram, "U.S.-Brazil Bilateral Trade Consultative Mechanism Meeting," message reference No. 02708, prepared by U.S. Embassy, Brasilia, Aug. 7, 2001.

Patent Protection: HIV/AIDS Drugs

On June 25, 2001, the United States and Brazil jointly announced that they had reached a mutually satisfactory solution to a U.S. complaint filed with the WTO with respect to Brazil's industrial property law.[197] The United States had complained in the WTO that Article 68 of Brazil's industrial property law contained a TRIPs-inconsistent provision that does not allow imports as a means of satisfying the requirement that the patent be "worked" in Brazil; as a result, foreign patent holders could be subject to compulsory licensing under which others would be allowed to use the patent against the patent holder's wishes. Underlying this trade dispute were 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), as part of Brazil's national HIV/AIDS program that provides universal free access to antiretroviral medications.[198]

Under the terms of the U.S.-Brazilian agreement, the United States expressed support for Brazil's HIV/AIDS program and withdrew its WTO complaint in exchange for a Brazilian pledge to discuss in advance with the United States any plans to apply Article 68 to grant compulsory licenses on patents held by U.S. companies. Both sides agreed that bilateral discussions on the issue would be held within the scope of the U.S.-Brazil bilateral consultative mechanism discussed above.[199]

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[197] WTO, "Brazil: Measures Affecting Patent Protection, Notification of Mutually Agreed Solution," found at Internet address *http://www.wto.org/english/tratop_e/dispu_e/distabase_wto_members1_e.htm*, retrieved Feb. 20, 2002.

[198] The U.S. complaint against Brazil, filed with the WTO on May 20, 2000, was 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. For further information, see USITC, *The Year in Trade, 2000*, USITC Publication 3428, p. 4-47.

[199] USTR, "United States and Brazil agree to use newly created consultative mechanism to promote cooperation on HIV/AIDS and address WTO patent dispute," press release 01-46, June 25, 2001 and WTO, "Brazil: Measures Affecting Patent Protection, Notification of Mutually Agreed Solution."

CHAPTER 5
Administration of U.S. Trade Laws and Regulations

This chapter surveys activities related to the administration of U.S. trade laws during 2001. 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 (CBPTA), the Andean Trade Preference Act (ATPA), and section 232 of the Trade Expansion Act of 1962 on impairment of national security; 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 WTO 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] sections 421-422 of the Trade Act of 1974 (market disruption, trade diversion, China),[3] and sections 301-312 of the NAFTA Implementation Act.[4] The trade adjustment assistance provisions are set forth starting with section 221 of the Trade Act of 1974.[5]

Safeguard Actions

The U.S. International Trade Commission conducted one new investigation under the U.S. global action safeguard law during 2001, with respect to imports of certain steel products, and made affirmative determinations (or was equally divided in its determinations) with respect to 16 of the 33 products under investigation, and made negative determinations with respect to the remaining 17 products.[6] The Commission conducted the investigation at the request of the United States Trade Representative and the Committee on Finance of the United States Senate. The Commission sent its

[1] 19 U.S.C. 2251 et seq.
[2] 19 U.S.C. 2436.
[3] 19 U.S.C. 2451, 2451a.
[4] 19 U.S.C. 3351 et seq.
[5] 19 U.S.C. 2271 et seq.
[6] Steel, Investigation No. TA-201-73, USITC Pub. 3479 (December 2001).

report, including its injury determinations and remedy recommendations, to the President in December 2001, and provided additional information to the President in January and February 2002. In early March 2002, the President announced that he would impose increased tariffs or tariff-rate quotas on 14 steel products, and those measures became effective March 20, 2002.[7]

In response to the announcement of U.S. measures, several steel exporters to the U.S. market requested consultations with the United States under the WTO Safeguards Agreement, and following their implementation requested consultations with the United States under the WTO Dispute Settlement Understanding (DSU). On April 11, 2002, the United States held consultations under the DSU with the European Union, Japan, Korea, China, Switzerland, and Norway in Geneva. In further response to the U.S. measures, the EU announced on March 27, 2002,[8] that it would apply its own safeguard measures, in the form of provisional measures, against certain steel imports into the EU; on April 5, 2002, the United States requested consultations with the EU regarding those measures. The EU also announced that it might take retaliatory action against the U.S. measures as early as June 18, 2002, without waiting for a ruling from a WTO panel and the WTO Appellate Body, and began drawing up a list of possible products.[9]

The United States had two global safeguard measures in place at the end of 2001, on imports of steel wire rod[10] and welded line pipe,[11] and during the year allowed one safeguard measure to expire (wheat gluten) and terminated a second measure (lamb meat).[12] During the year the Commission initiated and/or completed five investigations under section 204 of the Trade Act with respect to these measures: three mid-term monitoring investigations, with respect to developments in the domestic lamb meat industry,[13] steel wire rod industry,[14] and the welded line pipe industry;[15] an investigation with respect to whether a safeguard measure should be extended (wheat

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

[8] Commission Regulation (EC) No 560/2002 of 27 March 2002 imposing provisional safeguard measures against imports of certain steel products, Official Journal L 085, Mar. 28, 2002; European Commission, "EU adopts temporary measures to guard against floods of steel imports resulting from US protectionism," press release I/02/484, Mar. 27, 2002.

[9] Financial Times, Apr. 20-21, 2002.

[10] In November 2001, the President modified the measure to allocate the in-quota quantity of the tariff-rate quota. See Proclamation 7505 of Nov. 21, 2001, 66 Fed. Reg. 59353 (Nov. 28, 2001).

[11] In May 2001, the President modified the measure with respect to the quota year to which certain imports would be charged. See Proclamation 7445 of May 30, 2001, 66 Fed. Reg. 30053 (June 4, 2001).

[12] Proclamation 7502 of Nov. 14, 2001, 66 Fed. Reg. 57837 (Nov. 19, 2001), terminating the lamb meat measure.

[13] Lamb Meat, Investigation No. TA-204-3, USITC Pub. 3389 (Jan. 2001).

[14] Certain Steel Wire Rod, Investigation No. TA-204-6, USITC Pub. 3451 (Aug. 2001).

[15] Certain Circular Welded Carbon Quality Line Pipe: Monitoring Developments in the Domestic Industry, Investigation No. TA-204-5, USITC Pub. 3450 (Sept. 2001).

gluten);[16] and an investigation evaluating the effectiveness of an import relief measure (wheat gluten).[17] The Commission also initiated and completed a "surge" investigation under section 312 of the NAFTA Implementation Act with respect to whether imports of steel wire rod from Canada and Mexico, which were excluded from the global safeguard measure on steel wire rod, were undermining the effectiveness of the measure; the Commission made an affirmative determination by a vote of 4-2,[18] but the President in November 2001 decided not to extend the measure to Canada and Mexico.

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, including certain U.S. International Trade Commission injury findings, 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.[19] 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. Under the 1998 U.S. action establishing the measure, the measure was to terminate on June 1, 2001, unless extended by the President; the President did not extend the measure, and it accordingly terminated on June 1, 2001. The U.S. Administration substituted a 2-year, $40 million program for the industry, to be administered and funded by the U.S. Department of Agriculture, to provide funding for marketing, product development, and capital expenditures.[20]

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, including certain U.S. International Trade Commission injury findings, 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.[21] The United States, Australia, and New Zealand appealed certain panel findings in January 2001, and the findings of the panel were

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[16] Wheat Gluten: Extension of Action, Investigation No. TA-204-4, USITC Pub. 3407 (Apr. 2001). The Commission made an affirmative determination regarding a need to extend, and recommended that the President extend the measure. The President did not extend the measure.

[17] Wheat Gluten: Evaluation of the Effectiveness of Import Relief, Investigation No. TA-204-7, USITC Pub. 3478 (Nov. 2001).

[18] Certain Steel Wire Rod, Investigation No. NAFTA-312-1, USITC Pub. 3453 (Sept. 2001).

[19] 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).

[20] USTR, "Bush Administration Helps Wheat Gluten Industry Restore Its Competitiveness," press release 01-33, June 1, 2001, found at Internet address http://www.ustr.gov/releases/2001/06/01-33.html, retrieved on May 30, 2002.

[21] United States – Safeguard Measures on Imports of Fresh, Chilled, or Frozen Lamb Meat from New Zealand and Australia, WT/DS177/R (Dec. 21, 2000).

substantially affirmed by the Appellate Body in May 2001. Under an agreement with Australia and New Zealand, the United States agreed to terminate the measure effective November 15, 2001,[22] and implemented as assistance program for the domestic lamb industry to provide an additional $42.7 million in assistance through fiscal year 2003 to help the industry continue adjusting to import competition.[23]

The U.S. welded line pipe safeguard measure, including certain U.S. International Trade Commission injury findings, was challenged by Korea under the WTO dispute settlement procedures in early 2001. In October 2001, 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 Korea appealed certain panel findings, and the WTO Appellate Body in February 2002 affirmed in part and reversed in part findings of the panel.[24] The Appellate Body's report was adopted by the WTO Dispute Settlement Body on March 8, 2002.

Adjustment Assistance

The Trade Adjustment Assistance (TAA) program, set forth in 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 program authorization expired on September 30, 2001; however, funds were appropriated to continue program operations in FY 2002. In 1993, a new subchapter was added to the TAA provisions to provide transitional assistance to 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.[25]

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.[26]

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[22] Proclamation 7502 of Nov. 14, 2001, 66 Fed. Reg. 57837 (Nov. 19, 2001).

[23] USTR, "Bush Administration Settles Lamb Safeguard Issue with Australia & New Zealand," press release 01-66, Aug. 31, 2001, found at Internet address http://www.ustr.gov/releases/2001/08/01-66.htm, retrieved on May 30, 2002.

[24] United States – Definitive Safeguard Measures on Imports of Circular Welded Carbon Quality Line Pipe from Korea, Report of the Appellate Body, WT/DS202/AB/R (Feb. 15, 2002).

[25] Section 250 of the Trade Act of 1974 (19 U.S.C. 2331), as augmented by section 502 of the NAFTA Implementation Act..

[26] Sections 251 through 264 of the Trade Act of 1974.

Assistance to Workers

The U.S. Department of Labor instituted 2,278 investigations during FY 2001 (October 1, 2000, through September 30, 2001) on the basis of petitions filed for trade adjustment assistance. Petitioners for TAA assistance represented a broad spectrum of manufacturing industries. The FY 2001 figure represents an increase from the 1,382 TAA petitions instituted in FY 2000. The results of the TAA investigations completed in FY 2001, 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, increased from 1,473 cases in FY 2000 to 1,736 cases in FY 2001. As shown in table 5-1, there were 200,243 workers certified in FY 2001, an increase from the number certified in FY 2000. 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.

Table 5-2 presents data on benefits and services provided under the TAA program. Expenditures for FY 2001 decreased to $236.2 million from $255.0 million in FY 2000. In addition, there was a decrease in the number of workers receiving such benefits, from 32,808 new recipients in FY 2000 to 29,561 new recipients in FY 2001.

NAFTA Transitional Assistance to Workers

The NAFTA Implementation Act[27] 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 countries.[28] Data for FY 2001 from the U.S. Department of Labor indicate that 1,307 petitions were filed for assistance under the NAFTA-TAA program, compared with 786 such filings in FY 2000. Petition activity under the program in FY 2000 and FY2001 is summarized in table 5-3. As shown, there were 558 completed certifications in FY 2001, covering 78,974 workers.

FY 2001 figures show 2,550 new recipients of NAFTA-TAA assistance, an increase from the 2,158 workers that entered the program in FY 2000 (table 5-4). The Department of Labor provided direct benefits to workers of $27.0 million in FY 2001, an increase from $23.8 million in FY 2000.

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[27] 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).

[28] 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.

Table 5-1
Results of petitions filed under the trade adjustment assistance program, FY 2000 and FY 2001

Item	Number of investigations or petitions		Number of workers	
	FY 2000	FY 2001	FY 2000	FY 2001
Completed certifications	842	1,007	97,637	133,638
Partial certifications	1	2	200	1,420
Petitions denied	536	618	53,510	60,170
Petitions terminated or withdrawn . . .	94	109	2,364	5,015
Total	1,473	1,736	153,711	200,243

Source: Preliminary (as of March 2002) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 5-2
Benefits and services provided under the trade adjustment assistance program, FY 2000 and FY 2001

Item	Estimated number of participants	
	FY 2000	FY 2001
	Trade readjustment allowance benefits	
Number of new recipients	32,808	29,561
Total expenditures (million dollars)	255.0	236.2
	Training, job search, and relocation services	
Number entering training	22,657	26,775
Number receiving a job search allowance	351	277
Number receiving a relocation allowance	641	399
Total allocations to States (million dollars) . . .	92.7	([1])

[1] Not Available.

Source: Preliminary (March 2002) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 5-3
Results of petitions filed under the NAFTA transitional adjustment assistance program, FY 2000 and FY 2001

Item	Estimated number of investigations or petitions		Estimated number of workers	
	FY 2000	FY 2001	FY 2000	FY 2001
Petitions filed	786	1,307	78,160	150,151
Worker groups certified	403	558	47,275	78,974
Petitions denied	338	441	31,932	46,961
Petitions terminated	50	55	([1])	([1])

[1] Not available.

Source: Preliminary (as of March 2002) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 5-4
Benefits and services provided under the NAFTA transitional adjustment assistance program, FY 2000 and FY 2001

Item	Estimated number of participants	
	FY 2000	FY 2001
	Trade readjustment allowance benefits	
Number of new recipients	2,158	2,550
Total expenditures (million dollars)	23.8	27.0
	Training, job search, and relocation services	
Number entering training	2,654	4,736
Number receiving a job search allowance	22	25
Number receiving a relocation allowance	121	41
Total allocations to States (million dollars)	34.7	([1])

[1] Not Available.

Source: Preliminary (March 2002) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Assistance to Firms and Industries[29]

The U.S. Department of Commerce's Economic Development Administration (EDA) certified 179 firms as eligible to apply for trade adjustment assistance during FY 2001. This figure represents a decrease from the 201 firms certified in the previous fiscal year. To be certified as eligible to apply for trade adjustment assistance, a firm must show that increased imports of articles like, or directly competitive with, those produced by the firm contributed 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 2001, EDA approved adjustment strategies from 118 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 funding for the TAACs from the TAA appropriation for FY 2001 totaled $10.5 million, the same as in the previous fiscal year.

In addition to trade adjustment assistance for firms, the EDA also provided $183,000 in FY 2001 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.

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

Several actions were taken in 2001 pursuant to U.S. laws against unfair trade practices. The Commission completed 54 antidumping investigations, 7 countervailing duty investigations, and 13 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.[30] 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 2001, the active cases under the section 301 law concerned the EU's banana import regime, the practices of the Canadian Wheat Board, and intellectual property protection in the Ukraine. In the EU banana case, the United States and five banana-producing and -exporting countries in Latin America had challenged the EU's import regime for bananas in the WTO (see chapter 4). The WTO panel and the Appellate Body found that the EU regime was inconsistent with international trade rules and authorized the United States to suspend the application of tariff concessions granted to the EU and its member states. In 1999, in accordance with the WTO ruling and authorization, the United States imposed additional 100 percent ad valorem duties on certain imports from the European Union.[31] Thereafter, the United States and

[30] See sections 301-309 of the Trade Act of 1974, as amended (19 U.S.C. 2411-2419).
[31] See 64 Federal Register 19209, Apr. 19, 1999.

the European Union engaged in consultations in an attempt to resolve the dispute. In 2001, they reached an agreement to reform the EU banana-import regime to comply with the WTO ruling and international trade rules.[32] The agreement provided for an EU import licensing system for bananas based on historic reference periods that would begin in July 2001, and a conversion to a tariff-only system by January 1, 2006. In accordance with the settlement, the United States lifted the retaliatory duties effective on July 1, 2001.[33] USTR will monitor the EU's implementation of the agreement.

The 301 investigation concerning the Canadian Wheat Board (CWB) was initiated by USTR in October 2000 to examine certain acts, policies, or practices of the Government of Canada and the CWB that were alleged to be unreasonable and to burden or restrict U.S. commerce.[34] Specifically, the North Dakota Wheat Commission alleged that certain actions of the CWB, 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. To assist it in its investigation, the USTR asked the USITC to conduct an investigation of the conditions of competition between the U.S. and Canadian wheat industries in the United States and third markets. A public version of the USITC report on wheat was issued in December 2001.[35] The section 301 investigation is ongoing.[36]

The USTR initiated one new section 301 investigation in 2001. The USTR identified Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law due to its denial of adequate and effective protection of intellectual property rights (IPR).[37] Specifically, Ukraine was found to have failed to address a significant level of optical media piracy that has caused substantial damage to U.S. rights-holders and disrupted markets throughout the region; and it failed to fulfill commitments made in the June 2000 U.S.-Ukraine Joint Action Plan to Combat Optical Media Piracy in Ukraine. In a parallel proceeding, USTR suspended Ukraine's eligibility for the Generalized System of Preferences due to inadequate and ineffective protection of IPR.[38] When ongoing bilateral consultations did not result in an agreement that satisfactorily addressed the optical media piracy situation in Ukraine, USTR issued a preliminary retaliation list under section 301.[39] In December 2001, the USTR announced that the United States would impose prohibitive duties on certain imports from Ukraine.[40]

Some other active 301 investigations are the subject of ongoing WTO dispute settlement proceedings.[41] Table 5-5 contains a listing of active 301 cases.

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[32] See USTR, Press Release 01-23, Apr. 11, 2001.

[33] See USTR, Press Release 01-50, July 1, 2001, and 66 Federal Register 35689, July 6, 2001.

[34] See chapter 4 for additional information. See also USTR, Press Release 00-74, Oct. 23, 2000, and 65 Federal Register 69362, Nov. 16, 2000.

[35] See USITC, Wheat Trading Practices: Competitive Conditions Between U.S. and Canadian Wheat, USITC Publication 3465, December 2001.

[36] See USTR, Press Release 01-82, Oct. 16, 2001; and 66 Federal Register 66005, Dec. 21, 2001

[37].See USTR, Press Release 01-15, Mar. 13, 2001, and 66 Federal Register 18346, Apr. 6, 2001.

[38] See 66 Federal Register 16515, Mar. 26, 2001, USTR, Press Release 01-61, Aug. 7, 2001, and 66 Federal Register 42246, Aug. 10, 2001.

[39] See USTR, Press Release 01-61, Aug. 7, 2001, and 66 Federal Register 42246, Aug. 10, 2001.

[40] See USTR, Press Release 01-115, Dec. 20, 2001, 67 Federal Register 120, Jan. 2, 2002, and USTR, Press Release 2002-10, Jan. 23, 2002..

[41] See USTR, 2002 Trade Policy Agenda and 2001 Annual Report, pp. 209.

Table 5-5
Active 301 cases in 2001

Docket No.	Summary and actions occuring during course of investigation
Docket No. 301-100a (see also 301-94)	European Union and the Banana Import Regime 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. Subsequent bilateral and multilateral consultations regarding the implementation of the recommendations of the WTO panel report were ongoing in 1998. By 1999, when the EU had not 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. In 1999, the United States imposed additional 100 percent ad valorem duties on certain imports from the European Union. Thereafter, the United States and the EU engaged in consultations in an attempt to resolve the dispute. In 2001, they reached an agreement to reform the EU banana-import regime to comply with the WTO ruling and international trade rules by adopting a system of licensing based on historic reference periods and by converting to a tariff-only system by January 1, 2006. In accordance with the settlement, the United States lifted the retaliatory duties effective on July 1, 2001, and the USTR will monitor the EU's implementation of the understanding.
Docket No. 301-118	Mexico and Practices Affecting High Fructose Corn Syrup 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 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.[1] In a related development before the WTO, USTR successfully challenged Mexico's imposition of antidumping duties on imports of U.S. HFCS.[2] In October 2001, the WTO Appellate Body affirmed the panel's decision, following a challenge by Mexico.[3]
Docket No. 301-120	Trading Practices of the Canadian Wheat Board 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. As part of the investigation, the USTR asked the USITC to conduct an investigation of the conditions of competition between the U.S. and Canadian wheat industries in the United States and third markets. The USITC report was issued in December 2001, and the investigation is ongoing.

[1] See USTR, Press Release 99-44, May 14, 1999, and 64 Federal Register 28860, May 27, 1999.

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

[3] See USTR, Press Release 01-86, Oct. 22, 2001.

Source: Compiled by USITC staff.

Super 301

The "super 301" law directs the USTR to review trade expansion priorities each year and to identify so-called "priority foreign country practices" that, if eliminated, are likely to have the most potential to increase U.S. exports.[42] The identification of a "priority foreign country practice" triggers 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.[43] It expired in 1990, but was modified and renewed by several subsequent Executive Orders and by the Uruguay Round Agreements Act.[44] In 1999, President Clinton issued an Executive Order that extended "super 301" authority for three years.[45]

The third and final "super 301" report under the Executive Order was issued in 2001. The USTR did not identify any "priority foreign country practices" in the report; but it did identify the following trade expansion priorities for 2001: (1) to reestablish a bipartisan consensus on free trade; and (2) to move on multiple fronts to expand trade.[46]

Special 301

The "special 301" law provides 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.[47] 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 so-called "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" triggers 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."[48] 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

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42 See section 310 of the Trade Act of 1974, as amended (19 U.S.C. 2420).

43 See section 1302 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418; 102 Stat. 1176).

44 See Executive Order 12901 of March 3, 1994, 59 Federal Register 10727, as amended by Executive Order 12973 of September 27, 1995, 60 Federal Register 51665, and see section 314(f) of the Uruguay Round Agreements Act (Pub. L. 103-465).

45 See Executive Order 13116 of March 31, 1999, 64 Federal Register 16333, Apr. 5, 1999.

46 See USTR, Press Release 01-25, Apr. 30, 2001, USTR, Identification of Trade Expansion Priorities Pursuant to Executive Order 13116, dated April 30, 2001, and 66 Federal Register 23064, May 7, 2001.

47 See section 182 of the Trade Act of 1974, as added by section 1303 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418; 102 Stat. 1179), as amended (19 U.S.C. 2242).

48 See USTR, 2002 Trade Policy Agenda, Mar. 2002 and USTR, 2001 Annual Report, Mar. 2001, p. 210.

"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 2001 "special 301" review, the USTR devoted special attention to countries' efforts to reduce piracy of optical media, such as music CDs, video CDs, CD-ROMs, and DVDs, and to prevent the unauthorized governmental use of computer software.[49] In addition, USTR focused on compliance with WTO TRIPs obligations by developing countries and new WTO members. In the 2001 "special 301" review, the USTR identified 51 countries that deny adequate and effective IPR protection.[50] The USTR noted that Ukraine had been designated as a "priority foreign country" in March 2001. Sixteen countries were placed on the "priority watch list," and thirty-two countries were placed on the "watch list." The USTR noted that China and Paraguay were the subject of ongoing monitoring to ensure that each country complies with previous commitments made under a bilateral IPR agreement. In addition, the USTR announced that so-called out-of-cycle reviews would be conducted of the IPR regimes in Costa Rica, Georgia, Kyrgyz Republic, Lithuania, and Malaysia. Lastly, the USTR noted in the 2001 "special 301" review that, in promoting intellectual property protection, the United States is committed to working with countries that develop serious programs to prevent and treat HIV/AIDS within the framework of the TRIPs Agreement.[51]

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930.[52] 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.[53] The antidumping

[49] See 66 Federal Register 3640, Jan. 16, 2001. See also USTR 2001 Special 301 Report, found at Internet address http://www.ustr.gov/enforcement/special.pdf, retrieved May 1, 2002.

[50] See USTR, Press Release 01-25, Apr. 30,2001, and 66 Federal Register 23311, May 8, 2001. See also USTR 2001 Special 301 Report, found at Internet address http://www.ustr.gov/enforcement/special.pdf, retrieved May 1, 2002.

[51] See USTR, 2001 Special 301 Report, pp. 4-5. For a related statement of principles, see USTR Background Paper, TRIPs and Health Emergencies, Press Release 01-97, Nov. 10, 2001.

[52] 19 U.S.C. 1673 et seq.

[53] 19 U.S.C. 1677b; 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.[54] The Commission instituted 69 new antidumping investigations during 2001 and completed 54 investigations.[55] Antidumping duties were imposed as a result of affirmative determinations in 31 of those completed investigations, on products from 21 different countries. The antidumping duty orders put into effect in 2001 are shown in the following tabulation (in alphabetical order by country):

Country	Product
Argentina	Honey
Argentina	Hot-rolled carbon steel flat products
Belarus	Steel concrete reinforcing bars
China	Foundry coke
China	Honey
China	Hot-rolled carbon steel flat products
China	Pure magnesium
China	Steel concrete reinforcing bars
India	Hot-rolled carbon steel flat products
Indonesia	Hot-rolled carbon steel flat products
Indonesia	Steel concrete reinforcing bars
Italy	Stainless steel butt-weld pipe fittings
Japan	Stainless steel angle
Japan	Welded large diameter line pipe
Kazakhstan	Hot-rolled carbon steel flat products
Korea	Stainless steel angle
Korea	Steel concrete reinforcing bars
Latvia	Steel concrete reinforcing bars
Malaysia	Stainless steel butt-weld pipe fittings
Moldova	Steel concrete reinforcing bars
Netherlands	Hot-rolled carbon steel flat products
Philippines	Stainless steel butt-weld pipe fittings
Poland	Steel concrete reinforcing bars
Romania	Hot-rolled carbon steel flat products
South Africa	Hot-rolled carbon steel flat products
Spain	Stainless steel angle
Taiwan	Hot-rolled carbon steel flat products
Thailand	Hot-rolled carbon steel flat products
Ukraine	Ammonium nitrate
Ukraine	Hot-rolled carbon steel flat products
Ukraine	Steel concrete reinforcing bars

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

[55] One data reported here and in the following two sections ("Countervailing Duty Investigations and Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements")

Details on all antidumping investigations active at the Commission during 2001 are presented in table A-25 and a list of all antidumping duty orders, including suspension agreements,[56] in effect as of the end of the year is presented in table A-26.

Antidumping measures on certain hot-rolled steel products from Japan [57]

In November 1999, Japan requested consultations with the United States regarding determinations made by the U.S. Department of Commerce and the U.S. International Trade Commission concerning the antidumping investigation of certain hot-rolled steel products from Japan and investigation reports issued between November 1998 and June 1999.

According to the most recent WTO dispute-settlement update, Japan viewed these determinations to be based on deficient procedures under the U.S. Tariff Act of 1930 and related regulations, and therefore erroneous. Japan also claimed certain violations of the GATT 1994 (Articles VI and X) and the WTO Antidumping Agreement (Articles 2, 3, and 6, including Annex II).

In February 2000, Japan requested the establishment of a panel, which the WTO Dispute Settlement Body (DSB) established on March 20, 2000.[58] Brazil, Canada, Chile, the EC, and Korea reserved their third-party rights in regard to the panel. The panel circulated its report on February 28, 2001.

On April 25, 2001, the United States notified its decision to appeal to the WTO Appellate Body to examine certain issues of law and legal interpretations developed by the panel in its report. Japan filed a cross-appeal. On July 24, 2001, the Appellate Body circulated its report. The Appellate Body upheld the panel's finding in part and reversed it in part. On August 23, 2001, the DSB adopted the Appellate Body report and the panel report, as modified by the Appellate Body report.

On November 20, 2001, Japan requested that the DSB establish a reasonable period of time for implementation of the reports' recommendations through binding arbitration under DSU Article 21.3(c). The United States and Japan agreed to extend the time period under this provision, pending the appointment of an arbitrator.

On February 19, 2002, the arbitrator circulated his award, concluding that the reasonable time period for U.S. implementation of the DSB recommendations was 15

55—Continued
reflect the total number of investigations. In other Commission reports these data are grouped by product because the same investigative team and all of the parties participate in a single grouped proceeding, and the Commission generally produces one report and issues one opinion containing its separate determinations for each investigation.

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

[57] WTO, "Update of WTO Dispute Settlement Cases," WT/DS/OV/6, May 3, 2002, p. 97.

[58] WT/DS184 - United States - Anti-Dumping Measures on Certain Hot-Rolled Steel Products from Japan.

months from August 23, 2001. Consequently, the implementation period is to expire on November 23, 2002.

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.[59] In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with Commerce (the administering authority) and with the Commission. Before a countervailing duty order can be issued, Commerce must find a countervailable subsidy and the Commission must make an affirmative determination of material injury, threat of material injury, or material retardation by reason of the subsidized imports.

The Commission instituted 13 new countervailing duty investigations during 2001 and completed 7 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 2001 are shown in the following tabulation (in alphabetical order by country):

Country	Product
Argentina	Honey
Argentina	Hot-rolled carbon steel flat products
India	Hot-rolled carbon steel flat products
Indonesia	Hot-rolled carbon steel flat products
South Africa	Hot-rolled carbon steel flat products
Thailand	Hot-rolled carbon steel flat products

Details on all countervailing duty investigations active at the Commission during 2001 are presented in table A-27 and a list of all countervailing duty orders, including suspension agreements,[60] in effect as of the end of the year is presented in table A-28.

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

[59] 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).

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

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 2001.

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.[61] During 2001, Commerce and the Commission instituted 13 sunset reviews of existing antidumping and countervailing duty orders or suspension agreements[62] and completed 32 reviews, resulting in 4 orders or suspension agreements being revoked and 28 orders or suspension agreements being continued for 5 additional years. Table A-29 shows completed reviews of antidumping orders or suspension agreements in 2001 and table A-30 shows completed reviews of countervailing duty orders or suspension agreements in 2001.[63]

Section 337 Investigations

Section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), authorizes the Commission, on the basis of a complaint or on its own initiative, to conduct investigations with respect to certain practices in import trade. Section 337 declares unlawful the importation into the United States, the sale for importation, or the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, registered trademark, registered copyright, or registered mask work, for which a domestic industry exists or is in the process of being established.[64]

[61] 19 U.S.C. 1675c.

[62] Four of these reviews were subsequently terminated and the outstanding order/suspension agreement revoked because a domestic industry did not request that it be continued. The revoked antidumping orders were on manganese metal from China and polyvinyl alcohol from China, Japan, and Taiwan.

[63] 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.

[64] Also unlawful under section 337 are other unfair methods of competition and unfair acts in the importation of articles into the United States, or in the sale of imported articles, the threat or effect of which is to destroy or substantially injure a domestic industry, to prevent the establishment of an industry, or to restrain or monopolize trade and commerce in the United States. Examples of these other unfair acts are misappropriation of trade secrets, common law trademark infringement, 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.

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.[65] The President may disapprove a Commission order within 60 days of its issuance for "policy reasons."

During 2001, there were 38 active section 337 investigations and ancillary proceedings, 27 of which were instituted in 2001. All of the new section 337 investigations instituted by the Commission in 2001 contained allegations of infringement of U.S. patents by imported merchandise. One of those investigations also included allegations of trademark infringement and other unfair acts. One investigation was terminated on the basis of a consent order and five investigations were terminated on the basis of settlement agreements. The Commission completed a total of 13 investigations and ancillary proceedings under section 337 in 2001, including one remand relating to a previously concluded investigation. As in recent years, the section 337 caseload was highlighted by investigations involving complex technologies, particularly in the computer and telecommunications fields. Significant among these were investigations involving interactive program guides for digital satellite and cable television, high-speed wireless local-area network systems, modems, computer control systems, plasma display panels, 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 relating to items such as magnetic resonance injection systems, synthetic fibers and fabric used in vehicle tires and seat belts, and abrasive products used in the manufacture of silicon chips. Other section 337 investigations active during 2001 concerned cartridges for ink jet printers, disposable cameras, garage door openers, personal watercraft, and interlocking floor panels.

Two exclusion orders were issued during 2001. 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 2001, there were 25 Section 337 investigations pending at the Commission. Commission activities involving Section 337 actions in 2001 are presented in table A-31.

As of December 31, 2001, a total of 48 outstanding exclusion orders based on violations of Section 337 were in effect, of which 25 involved unexpired patents. Table A-32 lists the investigations in which these exclusion orders were issued.

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

Tariff Preference Programs

Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for certain products that are imported from designated developing countries and territories. The program is authorized by Title V of the Trade Act of 1974, as amended (19 U.S.C. 2461 et seq.). It has been enhanced to allow duty-free treatment for certain products when imported only from countries designated as least-developed beneficiary developing countries (LDBDC). Further, Public Law 106-200, enacted May 18, 2000, in Title I (African Growth and Opportunity Act) amended Title V to authorize the President to provide duty-free treatment for certain articles when imported from countries designated as beneficiary sub-Saharan African countries through September 30, 2008. By offering unilateral tariff preferences, the GSP program reflects the U.S. commitment to three broad goals: (1) to promote economic development in developing and transitioning economies through increased trade, rather than foreign aid; (2) to reinforce U.S. trade policy objectives by encouraging beneficiaries to open their markets, to comply more fully with international trading rules, and to assume greater responsibility for the international trading system; and (3) to help maintain U.S. international competitiveness by lowering costs for U.S. business and lowering prices for American consumers. The GSP program expired on September 30, 2001 (except for those countries designated as beneficiary sub-Saharan African countries), and was not renewed in 2001.

Countries are designated as "beneficiary developing countries" under the program by the President. The President cannot designate certain developed countries named in the statute and also may not designate countries that, inter alia, afford preferential treatment to the products of a developed country, other than the United States, that has, or is likely to have, a significant adverse effect on U. S. commerce or countries that do not afford adequate protection to intellectual property rights or afford internationally recognized worker rights to their workers.[66] 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.[67] 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.

[66] 19 U.S.C. 2462(b).
[67] 19 U.S. C. 2463.

Each year (unless otherwise specified in a Federal Register notice), the Office of the United States Trade Representative (USTR) conducts a review process in which products can be added to, or removed from, the GSP program or in which a beneficiary's compliance with the eligibility requirements can be reviewed. On April 13, 2001, USTR in a Federal Register notice (66 F.R. 19278) announced the invitation for the submission of petitions on a 2001 Annual GSP Product and Country Eligibility Practices Review but stated that if the GSP program expired on September 30, 2001, that the 2001 GSP Annual Review would be conducted on a schedule to be announced if and when the program was reauthorized.[68]

In June 2001, the President proclaimed certain modifications to the GSP implementing decisions made in regard to various reviews. The modifications provided for: (1) the granting of de minimis waivers for certain articles and restoration to preferential treatment of certain eligible articles from certain beneficiary countries; (2) the exclusion of specified articles from certain beneficiary countries from eligibility for preferential treatment under GSP where shipments exceeded the competitive need limits (CNLs) for calendar year 2000; (3) the redesignation of certain countries GSP eligibility for certain articles that had previously exceeded the applicable GSP competitive need limits, but fell below the CNLs in 2000; (4) the granting of waivers of the competitive need limits for several Harmonized Tariff Schedule of the United States (HTS) subheadings for India; (5) the delegation of authority to USTR to determine the effective date of the redesignation of India's GSP eligibility for certain articles; and (6) the designation of Georgia as a beneficiary developing country under the GSP. Subsequently, in September 2001, the President proclaimed the redesignation of Indonesia's GSP eligibility for certain articles.

USTR took several additional actions under the GSP in 2001. In January 2001, USTR announced the acceptance of petitions to review the GSP status of Brazil, Pakistan, and Russia and the termination of the worker rights review of Swaziland and the intellectual property rights review of Moldova. Also in January, USTR announced a review as to whether to modify GSP duty-free treatment to certain imports from India. The review was undertaken to determine whether India offered "equitable and reasonable access for U.S. goods and service." In March 2001, USTR requested public comment on whether to suspend, in whole or part, the duty-free treatment accorded to imports from Ukraine under the GSP program on the grounds that Ukraine had not taken sufficient steps to protect intellectual property rights. In August 2001, USTR issued a Federal Register notice that, in part, suspended Ukraine's GSP eligibility. Also in August, USTR announced the effective date of the redesignation of India's GSP eligibility for certain articles.

Approximately $15.5 billion in duty-free imports entered the United States under the GSP program in 2001[69], accounting for more than 10 percent of total U.S. imports

[68] Federal Register notice (66 F.R. 19278).

[69] As discussed above, the U.S. GSP program expired on September 30, 2001. Because of the lapse of GSP benefits, articles otherwise eligible for GSP duty-free entry were subject to column 1 general duties (NTR) during the period of lapse unless another valid preferential tariff benefit, such as that provided by

from GSP beneficiaries and 1.3 percent of total U.S. imports (table 5-6). Angola was the leading GSP beneficiary in 2001, followed by Thailand, Brazil, India, and Indonesia (table 5-7). Appendix table A-33 shows the top 20 GSP products or product categories in 2001, and table A-34 shows the overall sectoral distribution of GSP benefits.

Caribbean Basin Economic Recovery Act

In 2001, eligible imports from 24 countries and territories in Central America and the Caribbean entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA).[70] CBERA has been operative since January 1, 1984. The Act, as amended, has no statutory expiration date.[71] CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).[72] President Reagan launched CBI in 1982 to promote export-led economic growth and economic diversification in the countries of the Caribbean Basin.[73]

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 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–in five equal installments, beginning January 1, 1992.

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted May 18, 2000, is the most recent enhancement of CBERA.[74] CBTPA became effective on October 1, 2000, and is scheduled to expire on September 30, 2008.

69—Continued
the Caribbean Basin Economic Recovery Act, was claimed and accorded. Duties paid on articles otherwise eligible for GSP duty-free entry during the period of GSP lapse may be eligible to be refunded if the program is reauthorized retroactively. Procedures for such refunds were announced in a U.S. Customs Service, “Procedures if the Generalized System of Preferences Expires”, 66 F.R. 50248.

[70] The 24 countries designated for CBERA benefits are listed in table A-36.

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

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

[73] President, “Address Before the Permanent Council of the Organization of American States,” Weekly Compilation of Presidential Documents, Mar. 1, 1982, # 217-223.

[74] Trade and Development Act of 2000 (Public Law 106-200, title II).

Table 5-6
U.S. Imports for consumption from GSP beneficiaries and the world, 2001

(Million dollars)

Item	All GSP beneficiaries	World
Total imports	154,504	1,128,728
Total GSP-eligible products[2]	24,511	508,188
Total GSP (non LDBDC eligible products)	21,416	250,841
GSP - LDBDC eligible	3,095	257,346
Total duty free under GSP[3]	15,528	15,723
Duty free under non LDBDC GSP	12,702	12,897
Duty free under GSP - LDBDC	2,825	2,825
Total of GSP eligible products not benefitting from GSP duty-free treatment	8,983	492,465
GSP program exclusions	4,193	4,193
All other	4,790	488,272
Non eligible products imports	129,994	620,540

Customs-value basis; excludes imports into the Virgin Islands.

Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP. Non-least-developed beneficiary developing countries (LDBDC) eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the 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 LDBDC (and only LDBDC's) are eligible for duty-free treatment with respect to all articles provided for in the designated provisions). For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be eligible for GSP treatment do not always and necessarily receive duty-free entry under the GSP. Such eligible imports may not receive duty-free treatment under GSP for at least five types of reasons: (1) the 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.

Table 5-7
U.S. imports for consumption and imports under GSP from leading beneficiaries and total, 2001

Rank	Beneficiary	Total imports	GSP-eligible	GSP duty-free
1	Angola	2,604	2,592	2,511
2	Brazil	14,379	2,724	1,950
3	Chile	3,279	767	483
4	Czech Republic	1,118	486	352
5	Hungary	2,965	527	372
6	India	9,693	2,102	1,334
7	Indonesia	9,930	1,997	1,322
8	Kazakhstan	352	248	214
9	Philippines	11,307	1,093	676
10	Poland	951	394	285
11	Russia	6,171	426	378
12	South Africa	4,430	558	506
13	Thailand	14,669	3,213	2,201
14	Turkey	3,038	594	437
15	Venezuela	12,544	653	637
	Top 15	97,431	18,375	13,656
	Total, all other	1,031,297	6,136	1,871
	Total	1,128,728	24,511	15,528

Note.—Calculations based on unrounded data.

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

CBTPA is principally aimed at eliminating the competitive disadvantage that CBERA countries have faced vis-à-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.[75] 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. CBERA beneficiaries are not automatically eligible for CBTPA preferences; they are subject to the implementation of their commitments to the WTO, participation in the FTAA process, protection of intellectual property and internationally recognized workers' rights, efforts to eliminate the worst forms of child labor, and cooperation with the United States on counter-narcotic initiatives.

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

By the end of 2001, 14 of the 24 CBERA beneficiaries had been found to satisfy customs-related requirements established in the CBTPA, becoming thereby fully eligible for benefits under that legislation. These countries are: Barbados, Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Saint Lucia, and Trinidad and Tobago. Barbados, Saint Lucia, and Trinidad and Tobago became newly eligible for CBTPA benefits during 2001.[76]

U.S. imports under CBERA declined in 1999 and 2000 from their peak in 1998, as products which for years had been leading imports under CBERA, became free of duty under normal trade relations (NTR) rates (formerly known as most-favored-nations duty rates),[77] and therefore no longer entered under the program. Imports under CBTPA did not enter the United States until December 2000 and this had a limited effect on import volumes in 2000.

While total U.S. imports (preferential and nonpreferential imports combined) from CBERA countries declined during 2001, imports in the preferential portion–those under CBERA including CBTPA–rose sharply, as shown in table 5-8, reflecting the expansion of CBERA to include certain types of apparel. Total U.S. imports from CBERA beneficiary countries amounted to $20.7 billion in 2001. Of this amount, $8.3 billion, or 40 percent, entered under CBERA (including CBTPA) preferences. In comparison, CBERA accounted for only 13 percent of the total in 2000. Notably, during 2001, CBTPA alone accounted for the rapid growth of imports under CBERA; such imports almost tripled as a result of the CBTPA.

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 most of 2001.[78] ATPA has been operative since December 4, 1991 and expired on December 4, 2001.[79] ATPA is the trade-related component of the Andean Trade Initiative. To

Table 5-8
U.S. imports for consumption from CBERA countries, 1999-2001

Item	1999	2000	2001
Total imports from CBERA countries (1,000 dollars)	19,365	22,161	20,679
Total under CBTPA (1,000 dollars)	([1])	157	5,593
Total under CBERA, excluding CBTPA (1,000 dollars)	2,637	2,636	2,706
Total under CBERA, including CBTPA (1,000 dollars)	2,637	2,793	8,299
Percent of CBERA (incl. CBTPA) of total imports from CBERA countries	14	13	40

[1] Not applicable.

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

[76] 66 F.R. 9888 for Trinidad and Tobago, and 66 F.R. 31272 for Barbados and Saint Lucia.

[77] These included several goods in the instruments, footwear uppers, and electrical machinery categories.

[78] For a more detailed description of the ATPA, including country and product eligibility, see USITC, Andean Trade Preference Act: Impact on the U.S., Seventh Report, 1999, publication 3358, Sept. 2000.

[79] 19 U.S.C. 3202

combat the production of illegal narcotics in the Andean region, President George H.W. Bush launched the initiative in 1990 to help beneficiaries promote export-oriented industries, and hence, create employment options that would be an alternative to participation in the drug trade.[80]

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.[81] ATPA excludes from duty-free entry the same list of articles excluded under CBERA–handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel. However, ATPA duties on these articles, like CBERA duties, were reduced by a total of 20 percent, but not more than 2.5 percent ad valorem, in five equal annual installments beginning January 1, 1992.

U.S. imports from the four Andean countries totaled $9.6 billion in 2001 (table 5-9). Imports under ATPA preferences were valued at almost $1.7 billion, or 18 percent of the total, a share unchanged from the previous years. The leading items afforded duty-free entry under ATPA in 2001 were: refined copper cathodes, pigments dispersed in nonaqueous media, fresh cut roses, chrysanthemums, standard carnations, anthuriums, and orchids, as well as other cut flowers (table A-38). The leading imported articles excluded from duty-free entry under ATPA in 2001 were apparel, petroleum, and to a lesser extent, canned tuna.

Table 5-9
U.S. imports for consumption from ATPA countries, 1999-2001

Item	1999	2000	2001
Total imports (1,000 dollars)	9,830,217	11,117,225	9,568,661
Total under ATPA (1,000 dollars)	1,750,279	1,981,632	1,674,607
Percent of total	18	18	18

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

U.S. imports from the four ATPA countries declined nearly 14 percent between 2000 and 2001, with a slightly greater decrease (15.5 percent) under ATPA-covered products. Imports from each of the four ATPA beneficiary countries declined in 2001 (table A-37). The decreases under the preference program ranged from 12 percent for Bolivia to nearly 19 percent for Peru. Declines occurred in each of the leading tariff items benefitting from the ATPA program–refined copper cathodes dropped by 24 percent, roses by 6 percent, and chrysanthemums and other cut flowers by 24 percent. The same top five items accounted for nearly three-fifths of the value of 2001 ATPA imports. This major group of imports declined by 15 percent from 2000 to 2001.

The major development in the ATPA program in 2001 was its expiration on December 4.[82] The termination of the program was anticipated during the year and

[80] President, "Remarks Following Discussions With President Rodrigo Borja Cevallos of Ecuador," Weekly Compilation of Presidential Documents, July 23, 1990, pp. 1140-43.

[81] 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.

[82] Memo on the expiration of the Andean Trade Preference Act from the Executive Director of the Trade Programs Office of Field Operations of the U.S. Customs Service to the Directors of Field Operations, Dec. 4, 2001, found at Internet address http://www.customs.treas.gov/impoexpo/andean.htm, Feb. 25, 2002.

legislation to continue the program was introduced in both houses of Congress.[83] A bill to extend the Andean preference program (H.R. 3009) was approved by the House of Representatives in November 2001. The House bill, although acted on by the Senate Committee on Finance, was never officially considered by the full Senate, and the program expired on December 4, 2001. By year-end, no action had been taken, and the Andean trade program was no longer operative.[84]

National Security Import Restrictions

The U.S. Department of Commerce conducted one investigation under section 232 during 2001, with respect to imports of iron ore and semi-finished steel. Commerce self-initiated the investigation in February 2001 following receipt of a request in January 2001 from U.S. House of Representatives members James Oberstar and Bart Stupak. Following consultation with the U.S. Department of Defense, the Secretary of Commerce found that imports of iron ore and semi-finished steel are not being imported in such quantities or under such circumstances as to threaten to impair the national security.[85] As a result of the Secetary's negative finding, no action was taken by the President. No section 232 actions were in effect as of the end of 2001.

U.S. Textile and Apparel Trade Program

This section summarizes major developments that occurred during 2001 in connection with the U.S. trade agreements program for textiles and apparel. It reviews the ongoing phase-out of quotas under the WTO; U.S. quota activity during 2001, including new developments with China, Taiwan, Pakistan, Cambodia, and Vietnam; new trade preferences for countries in sub-Saharan Africa and the Caribbean Basin; proposed trade benefits for Andean countries; and trends in U.S. imports of textiles and apparel. A key development affecting textiles and apparel–the WTO Ministerial Conference held in Doha, Qatar, in November 2001, where the developing countries urged the developed countries to accelerate the pace of quota liberalization–is discussed in chapter 2 of this report.[86]

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[83] The Andean Trade Preference Expansion Act (ATPEA)(S. 525) was introduced in March 2001 to extend and expand ATPA trade preferences. The section on the U.S. textile and apparel trade program, elsewhere in this chapter, discusses such an expansion. The Andean Trade Promotion and Drug Eradication Act, H.R. 3009, was introduced in Oct. 3, 2001.

[84] In early 2002, following a request from the governments of the four beneficiary countries, President Bush authorized a temporary 90-day extension of the duty-free benefits of the ATPA program. The temporary rule became effective on Feb. 15, 2002 and expires on May 16, 2002. 67 F.R. 7070-02.

[85] Department of Commerce (2002) "The Effects of Imports of Iron Ore and Semi-Finished Steel on the National Security: An Investigation Conducted Under Section 232 of the Trade Expansion Act of 1962, as amended" October 2001, available at http://www.bxa.doc.gov/OSIES/232-Reports/IronNSteelDefault.htm#ExecSummary (last visited June 4, 2002).

[86] During the Doha Ministerial Conference, the developing countries voiced concern that the trade liberalization measures adopted so far by the developed countries involved articles that either were not subject to quotas or were mostly lower-value-added goods such as yarn, rather than higher-valued-added finished goods like apparel.

The Uruguay Round Agreement on Textiles and Clothing

The Agreement on Textiles and Clothing (ATC) entered into force with the WTO agreements in 1995 and created special interim rules to govern trade in textiles and apparel among WTO countries. It calls for the gradual elimination of quotas established by the United States, the European Union (EU), and Canada under the Multifiber Arrangement (MFA), an arrangement negotiated under the General Agreement on Tariffs and Trade (GATT) that has governed world textile and apparel trade since 1974.

The ATC requires countries to "integrate" textile and apparel articles into the GATT regime over a 10-year transition period ending on January 1, 2005; that is, the articles are to be brought under GATT discipline and subject to the same rules as products of other sectors. As countries integrate textile and apparel articles into the GATT regime, they are required to eliminate any quotas on such goods and may not establish new quotas on the integrated articles, except as provided under normal GATT rules.

The ATC required WTO countries to integrate articles representing at least 51 percent of their respective 1990 textile and apparel import volumes in three stages, as follows: (1) to integrate at least 16 percent of their trade on January 1, 1995, (2) another 17 percent on January 1, 1998, and (3) an additional 18 percent on January 1, 2002. The remaining 49 percent of the trade is to be integrated at the end of the transition period on January 1, 2005. Quotas that were not eliminated in one of the three stages of integration were increased in size based on growth rates specified in bilateral MFA agreements; these growth rates, in turn, were increased by 16 percent in 1995, by another 25 percent in 1998, and by another 27 percent in 2002 (the "growth-on-growth" provision).[87] For small WTO suppliers (countries accounting for 1.2 percent or less of an importing country's total quotas in 1991), quota growth rates were advanced by one stage–that is, the growth rates were increased by 25 percent in 1995 and by 27 percent in 1998 and again by 27 percent in 2002. Under the ATC, the trade-weighted average annual growth rate for WTO countries' quotas rose from 4.9 percent in 1994 to 5.7 percent in 1995 and 7.3 percent in 2000.[88]

U.S. Quota Activity in 2001

The United States has quotas on textiles and apparel from 46 countries, which together accounted for 83 percent of the total value of U.S. imports of such goods in 2001 (table 5-10). U.S. quotas are being phased out for Mexico under NAFTA and the other 38 WTO countries under the ATC. Seven countries covered by quota are not WTO members and, thus, are ineligible for quota liberalization.[89]

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[87] The acceleration of quota growth rates is based on rates specified in the bilateral MFA agreements in place on Dec. 31, 1994. The base growth rates vary by country and article, but ranged from less than 1 percent to 6 and 7 percent. Assuming a 6-percent base rate for a major supplier, the annual quota growth rate would be 6.96 percent during 1995-97, 8.7 percent during 1998-2001, and 11.05 percent during 2002-04.

[88] Office of the United States Trade Representative, 2001 Trade Policy Agenda and 2000 Annual Report, p. 67.

China and Taiwan

China and Taiwan, two of the world's largest exporters of textiles and apparel, became eligible for ATC benefits upon their WTO accessions on December 11, 2001, and January 1, 2002, respectively. The United States implemented the three stages of integration for China and Taiwan on January 1, 2002. However, the United States no longer applied quotas on articles integrated into the GATT regime during the first two stages of integration–those made in China and exported on or after December 11, 2001. For 2002, the United States increased the size of each quota that was not eliminated in one of the three stages of integration by growth rates specified in their respective bilateral textile agreements.[90] Effective March 19, 2002, the United States increased the 2002 quotas for China and Taiwan for the application of accelerated quota growth (growth-on-growth provision), as required by the ATC. China and Taiwan each received a quota-growth-rate acceleration of 27 percent; China also received an additional, prorated increase to account for its 21 days of WTO membership in 2001.[91]

In November 1999, the United States signed a market access agreement with China that became part of China's WTO accession package and obligated the United States to eliminate quotas on imports of Chinese textiles and apparel as of January 1, 2005, the same date as that for other WTO members.[92] However, the agreement allows the United States to apply selective safeguards (quotas) on imports of textiles and apparel from China for 4 additional years beyond the termination of textile and apparel quotas for WTO members-that is, from January 1, 2005, to December 31, 2008. The agreement also states that no safeguards established during the 4-year period will remain in effect beyond 1 year, without reapplication, unless both countries agree.

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[89] 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 such items to the United States.

[90] Committee for the Implementation of Textile Agreements (CITA), "Announcement of Import Limits for . . . Textile Products Integrated into GATT 1994 in the First, Second, and Third Stage" for China and Taiwan, published in the Federal Register of Dec. 28, 2001 (66 F.R. 67229 and 66 F.R. 67232, respectively).

[91] ITA, "Amendment of Import Limits for . . . Textile Products" for China and Taiwan, published in the Federal Register of Mar. 19, 2002 (67 F.R. 12525 and 67 F.R. 12528, respectively) and an official of the U.S. Department of Commerce, Office of Textiles and Apparel, Mar. 26, 2002.

[92] The agreement incorporates the text of an agreement contained in a Memorandum of Understanding between the United States and China of February 1, 1997, which provided that should China become a member of the WTO, the United States would grant China the same benefits on the same schedule accorded other WTO textile-exporting countries under the ATC.

Table 5-10
Trading partners with which the United States has textile and apparel quotas, as of January 1, 2002, and U.S. imports of textiles and apparel from these partners in 2001

(Million dollars)

Partners	Imports
WTO members subject to the ATC:	
Bahrain	208
Bangladesh	2,205
Brazil	232
Bulgaria	139
China	6,536
Colombia	376
Costa Rica	753
Czech Republic	29
Dominican Republic	2,274
Egypt	509
El Salvador	1,646
Fiji	91
Guatemala	1,614
Honduras	2,348
Hong Kong	4,403
Hungary	45
India	2,633
Indonesia	2,553
Jamaica	182
Kenya	65
Kuwait	19
Macau	1,134
Malaysia	814
Mauritius	238
Myanmar (Burma)	422
Oman	146
Pakistan	1,924
Philippines	2,248
Poland	54
Qatar	140
Romania	131
Singapore	302
Slovak Republic	14
South Korea	2,931
Sri Lanka	1,698
Taiwan	2,476
Thailand	2,441
Turkey	1,451
United Arab Emirates	323
Uruguay	11

Table 5-10—Continued
Trading partners with which the United States has textile and apparel quotas, as of January 1, 2002, and U.S. imports of textiles and apparel from these partners in 2001

(Million dollars)

Partners	Imports
WTO members subject to the ATC:	
Non-WTO members subject to section 204 of the Agricultural Act of 1956:	
Belarus	49
Cambodia	953
Former Yugoslav Republic of Macedonia	62
Laos	4
Nepal	182
Russia	349
Ukraine	98
WTO member subject to the North American Free-Trade Agreement:	
Mexico	8,945

Source: U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel.

Pakistan

Pakistan began to experience serious economic problems in the aftermath of the terrorist attacks on the United States on September 11, 2001. Export demand for Pakistani textiles and apparel reportedly fell sharply as customers in the United States and elsewhere cancelled orders because of the heightened risk of doing business in Pakistan, leading to large layoffs and increasing the risk of social unrest there.[93] The textile and apparel sector is a key source of economic activity in Pakistan, consuming large quantities of its cotton production and generating 59 percent of its exports by value in 2000 (based on United Nations data). U.S. imports of textiles and apparel from Pakistan in 2001 rose by 10 percent over the 2000 level to 2.2 billion square meter equivalents (SMEs) valued at $1.9 billion, making Pakistan the 4th-largest source by quantity with 6.7 percent of the total import volume and the 15th-largest source by value with 2.7 percent of the total import value.

In recognition of the role that Pakistan is playing in the war against terrorism, President Bush proposed an aid package for Pakistan during the visit of Pakistani President Musharraf at the White House on February 13, 2002. In part, President Bush announced that the United States would provide increased market access for about $142 million in apparel imports from Pakistan.[94] In this regard, the United States granted Pakistan an increase of 15 percent in the base quota levels for 2002 and special swing (a shift of unused quota from one category to another) of 25 percent for the years 2002-04 for 14 categories of cotton and man-made-fiber apparel.[95] The

[93] See, for example, “Textile Group Condemns White House Plan to Lower Duties on Pakistani Goods,” International Trade Daily (Washington, D.C.: BNA, Inc.), Nov. 5, 2001, p. 3; and “Pakistan: Textile Exporters to Meet U.S. Ambassador,” Oct. 1, 2001, found at Internet address http://www.just-style.com, retrieved Oct. 2, 2001.

[94] The White House, “Fact Sheet: Official Working Visit of President Musharraf of Pakistan,” Feb. 13, 2002, available on its website at www.whitehouse.gov/news/releases/2002/02.

[95] U.S. Department of Commerce, “Apparel Benefits for Pakistan,” facsimile to Commission staff, Feb. 26, 2002.

United States also granted Pakistan special swing for the years 2002-04 of 8 percent for cotton trousers, knit shirts, and knit blouses and 25 percent for cotton and man-made-fiber underwear and men's and boys' woven shirts. All of the special swing is in addition to the normal swing provided in the bilateral textile agreement; the special swing will be taken only from textile (nonapparel) categories. U.S. imports of Pakistani garments eligible for these benefits totaled 177 million SMEs valued at $752 million in 2001.

The United States also agreed to eliminate a transitional safeguard (quota) that it had been applying to imports of combed cotton yarn from Pakistan since March 1999.[96] As the United States and Pakistan were unable to reach a mutually acceptable agreement in consultations on this matter, the WTO Textiles Monitoring Body (TMB) which supervises the implementation of the ATC provisions, reviewed the U.S. measure and found it to be inconsistent with the ATC. When the matter was not resolved in the TMB, Pakistan challenged this quota under the WTO dispute settlement process and, on October 8, 2001, the WTO Appellate Body affirmed a dispute settlement panel's finding that certain aspects of the U.S. determination to impose the quota were inconsistent with the ATC.[97] The United States removed the quota on combed cotton yarn from Pakistan effective on November 9, 2001.[98]

Legislation intended to assist Pakistan was also introduced in the United States Senate during November 2001. Senators Baucus and Grassley introduced S. 1671 to authorize duty-free treatment under the Generalized System of Preferences for certain handmade carpets and leather gloves, for which Pakistan was the fourth-largest source with shipments in 2001 of $105 million, or 11 percent of total imports of such articles. Senator Brownback introduced S. 1675, the Pakistan Emergency Economic Development and Trade Support Act, which would authorize the President to reduce or suspend any existing duties on Pakistani textiles and apparel in an effort to strengthen and stabilize Pakistan in return for its assistance to the United States in waging the war against terrorism.[99] No further action was taken on either bill as of March 1, 2002.

Cambodia and Vietnam

On December 31, 2001, the United States and Cambodia signed a Memorandum of Understanding (MOU) that extended their bilateral textile agreement for 3 additional

[96] Article 6 of the ATC allows countries during the 10-year transition period to establish new quotas on imports of textile and apparel articles not yet integrated into the GATT regime by applying a transitional safeguard when imports cause or threaten serious damage to a domestic industry. These quotas may remain in place for up to 3 years or until the article is integrated into the GATT regime.

[97] WTO, "United States - Transitional Safeguard Measure on Combed Cotton Yarn from Pakistan," report of the Dispute Settlement Body panel, WT/DS192/R, May 31, 2001, and report of the Appellate Body, WT/DS192/AB/R, Oct. 8, 2001, available on the WTO website at http://www.wto.org, retrieved June 1 and Oct. 22, 2001.

[98] Committee for the Implementation of Textile Agreements, "Removing a Limit on Imports of Combed Cotton Yarn from Pakistan," Federal Register (66 F.R. 56805), Nov. 13, 2001.

[99] Senator Sam Brownback, Statement on S. 1675, Congressional Record, Nov. 13, 2001, p. S11720.

years, through December 31, 2004. As in the original bilateral textile agreement, which covered the 3-year period beginning on January 1, 1999, the MOU linked increases in U.S. quotas on Cambodian apparel to Cambodia's compliance with international labor standards. Under the 1999 agreement, the first bilateral textile agreement in which the United States obtained a commitment from an exporting country to improve labor conditions in its textile and apparel sector, if the United States determined by December 1 of each agreement year that working conditions in the Cambodian sector substantially comply with internationally recognized core labor standards and Cambodian labor law, U.S. quotas may be increased by as much as 14 percent for the following agreement year, in addition to the normal annual increase in most quotas of 6 percent.[100] On January 8, 2001, the United States announced that because Cambodia had made progress on the labor standards, it would increase the quotas for 2001 by 9 percent, in addition to the normal 6-percent annual increases.[101]

Under the MOU, the United States increased most of Cambodia's quotas for 2002 by 15 percent; that is, an increase of 9 percent "in recognition of Cambodia's progress in reforming labor conditions" in its textile and apparel sector during the last 3 years, in addition to normal quota increases of 6 percent.[102] The MOU provided for an increase in the potential quota reward for full compliance with international labor standards of as much as 18 percent, up from 14 percent in the 1999 agreement. The MOU also granted a 7 percent "uplift," or increase, in the base quota on cotton knit shirts and brought one new product under quota (women's and girls' wool coats), bringing the total number of apparel quotas for Cambodia to 13. U.S. apparel imports from Cambodia totaled $935 million in 2001, up from less than $1 million in 1995, the year before Cambodia received most-favored-nation (now normal-trade-relations (NTR)) status. Apparel accounted for almost all U.S. merchandise imports from Cambodia in 2001.

The U.S.-Vietnam Bilateral Trade Agreement (BTA) entered into force on December 10, 2001, when the United States and Vietnam exchanged letters of implementation.[103] Under the BTA, Vietnam received conditional NTR status (subject to an annual Jackson-Vanik waiver by the President), meaning that U.S. imports of Vietnamese goods are now subject to much lower rates of duty.[104] For example, the 2002 NTR duty rate on cotton shirts and blouses, a key apparel import from Vietnam, is 20 percent ad

[100] The normal annual increases in U.S. quotas of 6 percent for cotton and manmade-fiber goods and 1 percent for wool goods are cumulative; that is, the base quota on which future increases are calculated was increased by the designated amount. The labor-related quota increases for Cambodia are good for 1 year only.

[101] For information on working conditions in the Cambodian textile and apparel sector, see the International Labor Organization, First Synthesis Report on the Working Conditions Situation in Cambodia's Garment Sector, Nov. 2001, found at Internet address http://www.ilo.org/public/english/dialogue/cambodia.htm, retrieved Feb. 20, 2002.

[102] Office of the United States Trade Representative, "U.S.-Cambodian Textile Agreement Links Increasing Trade with Improving Workers' Rights," press release 02-03, Jan. 7, 2002, available on its website at http://www.ustr.gov.

[103] Office of the United States Trade Representative, "United States and Vietnam Trade Agreement Takes Effect Today," press release 01-110, Dec. 10, 2001, available on its website at http://www.ustr.gov.

[104] As of March 1, 2002, the only countries for which the United States had not not granted NTR status are Afghanistan, Cuba, Laos, and North Korea. NTR status for Afghanistan was restored effective June 6, 2002.

valorem, compared with a non-NTR rate of 45 percent ad valorem. The BTA also required Vietnam to reduce its tariffs on many goods, eliminate nontariff barriers, protect intellectual property rights, and open its market to U.S. investment. The BTA is likely to spur imports of apparel from Vietnam, which already exports significant quantities to other markets such as the EU. In 2001, U.S. apparel imports from Vietnam were $48 million. Although apparel imports from Vietnam currently are not subject to quotas, the United States has held discussions with Vietnam regarding negotiation of a bilateral textile agreement providing for the establishment of quotas.

Trade Preferences for Sub-Saharan Africa and Caribbean Basin

The Trade and Development Act of 2000, enacted on May 18, 2000, provided 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). The legislation authorized duty-free and quota-free treatment for certain textiles and apparel from SSA and CBERA beneficiary countries.[105] In general, the trade benefits are limited to goods made from yarns or fabrics formed in the United States or a beneficiary country. The legislation also authorized preferential treatment for apparel made in the AGOA and CBERA countries from fabric or yarn that is not formed in the United States or a beneficiary country, if it has been determined that such fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner (the fabric or yarn is in "short supply" in the United States) and the President has proclaimed such treatment.[106] A summary of trade developments concerning textiles and apparel under AGOA and CBTPA during 2001, the first full year of their implementation, follows below.[107]

African Growth and Opportunity Act

AGOA authorizes preferential treatment for qualifying textiles and apparel from eligible SSA countries for 8 years beginning on October 1, 2000. The trade benefits are available to the 35 countries that the President designated as AGOA beneficiary countries, provided that these countries satisfy certain customs-related requirements, including adoption of procedures to prevent unlawful transshipments and the use of counterfeit documents.[108] As of April 23, 2002, 17 countries had met these

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[105] The Trade and Development Act of 2000 also temporarily suspended or reduced U.S. tariffs on imports of certain wool articles. For further information on this issue, see USITC, Certain Wool Articles: First Annual Report on U.S. Market Conditions (investigation No. 332-427), USITC publication 3454, Sept. 2001.

[106] For further information on the "short supply" provisions, see USITC, Apparel Inputs in "Short Supply" (2001): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries (investigation No. 332-428), USITC publication 3492, Feb. 2002.

[107] For more information on the textile provisions of the AGOA and the CBTPA, see USITC, The Year in Trade: Operation of the Trade Agreements Program, 52nd Report, USITC publication 3428, June 2001, ch. 5, pp. 5-27 to 5-30.

[108] In Proclamation 7350 of October 2, 2000, the President designated 35 countries as beneficiary SSA countries and delegated to the USTR the authority to determine whether these countries have met the two requirements.

requirements and, hence, are eligible for the trade benefits (Kenya, Mauritius, Botswana, Ethiopia, Lesotho, Madagascar, Malawi, South Africa, Swaziland, Uganda, Namibia, Zambia, Tanzania, Cameroon, Mozambique, Ghana and Senegal).

AGOA extends duty-free and quota-free treatment to apparel assembled in SSA countries from U.S.-origin fabrics, as well as specified quantities of apparel made from "regional fabrics" that are produced in SSA countries from U.S. or SSA yarns.

Imports of apparel made in SSA countries from regional fabrics are subject to an annual "cap" that began on October 1, 2000, equal to 1.5 percent of total U.S. apparel imports by quantity 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. A special rule allows apparel entered under the "cap" from "lesser developed" SSA countries to be made of third-country fabrics (fabrics other than of U.S. or SSA origin) for the first 4 years, through September 30, 2004.[109] Legislation passed by the U.S. House of Representatives in November 2001 (HR. 3009, the Andean Trade Promotion and Drug Eradication Act) would amend the AGOA by doubling the size of the "cap;" that is, it would change the applicable percentage from the current level of 1.5 to 3.5 percent to a level of 3 to 7 percent over the 8-year period. H.R. 3009 would also clarify that preferential treatment is to be provided for knit-to-shape garments assembled in SSA countries and allow Namibia and Botswana to use third-country fabrics under the regional fabric cap (a provision set aside only for lesser-developed countries) through September 2004.[110]

U.S. imports of textiles and apparel from SSA countries in 2001 grew 25 percent over the 2000 level to 234 million SMEs (valued at $975 million). Almost all the imports consisted of apparel and came from eight countries, led by South Africa (59 million SMEs), Lesotho (51 million), Mauritius (41 million), and Madagascar (37 million). Imports of apparel increased by 33 percent to 218 million SMEs ($951 million), representing 1.4 percent of total U.S. apparel imports in 2001. Imports entered under the regional fabric cap–and eligible for preferential treatment–were 41.9 million SMEs, representing a "fill rate" of 17 percent. Imports under this cap came almost entirely from lesser-developed countries, which can use third-country fabrics during the transition period.

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[109] 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.

[110] The House report on H.R. 3009 states that, although Botswana and Namibia do not qualify as lesser developed countries, they do not have fabric-making capacity and, thus, need the ability to use third-country fabrics for a limited period to aid in the development of their textile and apparel industries. See U.S. House of Representatives, Andean Trade Promotion and Drug Eradication Act, 107th Cong., 1st sess., Report 107-290, Nov. 14, 2001, p. 21.

U.S. industry reported new sourcing contracts with African suppliers and numerous investments in textile and apparel facilities directly attributed to AGOA.[111] Textile investment in a major export processing zone in Madagascar tripled in January-June 2001 from the year-earlier level.[112] In Lesotho, a Taiwanese textile firm is building a large vertically integrated fabric and jeans facility that will be equipped with state-of-the-art production equipment.[113] A Sri Lankan textile firm invested $1.5 million in a garment factory in Botswana, while Kenya signed several agreements with Chinese textile and apparel investors. Asian investment in SSA textile and apparel production partly reflects the trade benefits under AGOA and competitive labor costs in certain SSA countries.[114]

Caribbean Basin Trade Partnership Act

The CBTPA provides for preferential treatment for qualifying textiles and apparel from CBERA beneficiary countries during a transition period beginning on October 1, 2000, and ending on the earlier of September 8, 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 preferential treatment, essentially equivalent to that provided under NAFTA for similar goods from Mexico, is available to 24 countries that the President designated as CBTPA beneficiary countries, provided they meet certain customs-related requirements under the CBTPA. As of March 1, 2002, 14 countries had met these requirements and, hence, are eligible for the new trade benefits (the Dominican Republic, El Salvador, Costa Rica, Guatemala, Haiti, Honduras, Jamaica, Barbados, Belize, Guyana, Nicaragua, Panama, Saint Lucia, and Trinidad and Tobago).

The CBTPA authorizes duty-free and quota-free treatment for apparel made in CBERA countries from U.S.-origin fabrics, as well as limited quantities of apparel produced from "regional knit fabrics" formed in those countries from U.S. yarns.[115] Duty-free benefits for apparel made from regional knit fabrics are capped at 4.2 million dozen outerwear T-shirts and 250 million SMEs of other knit apparel for the 1-year period that began on October 1, 2000. Both caps on knit apparel are to be increased by 16 percent in each of the three succeeding 1-year periods, increasing to maximum levels in the fourth year of almost 6.6 million dozen T-shirts and 390 million SMEs of other knit apparel, and remain at these levels for the duration of the program.

[111] "2001 Comprehensive Report of the President of the United States on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act," May 2001, p. 3.

[112] U.S. Department of State telegram, "Madagascar July 2001 Commercial Notes," message reference No. 1177, prepared by U.S. Embassy, Antananarivo, July 31, 2001.

[113] U.S. Department of State telegram, "Prime Minister Officiates at AGOA-Driven USD 106 Million Textile Investment," message reference No. 335, prepared by U.S. Embassy, Maseru, June 29, 2001.

[114] U.S. Department of State telegram, "Maximizing AGOA Benefits: Botswana A Victim of its Own Success," message reference No. 2047, prepared by U.S. Embassy, Gaborone, June 5, 2001.

[115] Knit apparel made in CBERA countries from regional knit fabrics includes garments cut and assembled from knit fabrics or those knit-to-shape directly from yarns (sweaters). However, it does not include socks.

H.R. 3009 would greatly expand both caps on knit apparel. The T-shirt cap would be almost 5 million dozen for the 1-year period beginning on October 1, 2001, increasing in the three succeeding 1-year periods to 9 million, 10 million, and 12 million dozen, and remain at that level through September 2008. Similarly, the cap on other knit apparel would be 290 million SMEs for the first 1-year period, rising in the three succeeding 1-year periods to 500 million, 850 million, and 970 million SMEs, and remain unchanged thereafter. H.R. 3009 would also clarify that preferential treatment is to be provided for knit-to-shape garments assembled in CBTPA countries[116] and add new rules to ensure and give effect to Congressional intent that authorizes preferential treatment for apparel subject to "hybrid cutting" (apparel made from fabrics cut both in the United States and CBERA countries).

The U.S. textile industry has expressed concern about the CBTPA as it relates to the dyeing and finishing of fabrics for use in CBERA production of apparel for export to the United States. The CBTPA grants preferential treatment to qualifying apparel articles assembled in CBERA countries from "fabrics wholly formed in the United States" of U.S. yarns. The CBTPA does not define "fabrics wholly formed in the United States," raising the question of whether the fabrics must be dyed and finished in the United States or whether they can also be dyed and finished in CBERA countries. The interim regulations issued by the U.S. Customs Service to implement the trade benefit provisions of the CBTPA do not specifically address the dyeing and finishing issue.[117] In the absence of a specific statutory requirement or regulation, preferential treatment currently is being granted to imports of qualifying apparel articles assembled in CBERA countries from U.S.-formed fabrics, regardless of whether the fabrics were dyed or finished in the United States or CBERA countries.

Speaker of the House J. Dennis Hastert, House Majority Leader Richard K. Armey, and House Majority Whip Tom DeLay, in a letter to Congressman Jim DeMint dated December 6, 2001, said they would "pledge to bring no future bills with trade provisions to the House floor until the Trade and Development Act of 2000 is corrected to require that U.S. knit and woven fabrics be required to undergo all dyeing, finishing, and printing procedures in the United States in order to qualify for the benefits" of the CBTPA and "that this same requirement . . . will be included on any Andean Trade Preferences Act (ATPA) that contains additional textile preferences before it is considered again by the full House."[118] As of March 1, 2002, the House of Representatives had not considered the dyeing and finishing issue.

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[116] The interim regulations issued by the U.S. Customs Service to implement the trade benefit provisions of the CBTPA stipulated that knit-to-shape garments are not eligible for trade benefits because they technically do not go through the fabric stage. See Andean Trade Promotion and Drug Eradication Act, U.S. House of Representatives, 107th Cong., 1st sess., Report 107-290, Nov. 14, 2001, p. 18.

[117] In the interim regulations (published in the Federal Register of October 5, 2000 (65 F.R. 59650)), which went into effect on October 1, 2000, Customs defined "wholly formed," when used with reference to fabrics, as "all of the production processes, starting with polymers, fibers, filaments, textile strips, yarns, twine, cordage, rope, or strips of fabric and ending with a fabric by a weaving, knitting, needling, tufting, felting, entangling or other process, [that] took place in a single country."

[118] "Leadership Letter on Dyeing and Finishing," Inside Trade, Dec. 6, 2001, found at Internet address http://www.insidetrade.com, retrieved Dec. 12, 2001.

U.S. imports of textiles and apparel from CBERA countries in 2001 declined by 2 percent from the 2000 level to 3.7 billion SMEs. The caps on other knit apparel had fill rates of 74 percent for the outerwear T-shirts and 29 percent for other knit apparel for the 1-year period beginning on October 1, 2000. Although the CBTPA may not have stimulated significant new trade flows during its first year, it generated significant duty savings for U.S. apparel companies sourcing apparel from CBERA countries.[119]

The trade benefits provided under the CBTPA are expected to spur long-term economic growth in CBERA countries by enhancing opportunities for these countries to expand trade with the United States and, at the same time, promote the growth of U.S. exports and the use of U.S. fabrics, yarns, and fibers. The trade benefits are expected to help CBERA firms compete more effectively with suppliers in Mexico and Asia, to secure longer term contracts, and to capture new investment. The CBTPA reportedly has encouraged the return of some firms to the Caribbean Basin from Mexico; spurred new investment in cutting, stonewashing, and dyeing equipment in several countries; and contributed to an increase of about 10,000 employees in Guatemala since October 2000.[120] U.S. industry sources indicated that the CBTPA has encouraged creation of alliances between U.S. and CBERA firms in which CBERA firms now provide their U.S. customers with "full-package" programs.[121] These programs are becoming a key part of the business strategy of CBERA firms in competing with Asian suppliers, which have offered the programs for many years.[122]

Andean Trade Preference Expansion Act

The Andean Trade Preference Act (ATPA) was enacted in 1991 to expand economic alternatives for Bolivia, Colombia, Ecuador, and Peru in their fight against drug production and trafficking. The program, which expired on December 4, 2001, provided duty-free access to the U.S. market for most goods originating in the ATPA countries and reduced duties on leather apparel and certain other leather goods such as luggage. The ATPA countries have expressed concern that the implementation of the CBTPA in 2000 has weakened their competitiveness in the U.S. apparel market and led to a loss of apparel trade to the CBERA countries. U.S. apparel imports from the ATPA countries in 2001 declined by 11 percent from the 2000 level to 142 million SMEs ($754 million), most of which came from Colombia and Peru. The trade-weighted average duty on such imports from the ATPA countries was 17.5 percent ad valorem.

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[119] The American Apparel & Footwear Association reported that its member companies saved $100 million in duties on imports of CBERA apparel and footwear during the first half of 2001, compared with year-ago levels. See Office of the United States Trade Representative, Fourth Report to Congress on the Operation of the Caribbean Basin Economic Recovery Act, Dec. 31, 2001, p. 58.

[120] U.S. Department of State telegram, "Dominican Republic: Input for Report to Congress on CBI," message reference No. 12958, Sept. 19, 2001; and interviews by Commission staff with representatives of Dominican apparel producers, Santo Domingo, June 6, 2001, and the Guatemalan Government, Guatemala City, June 15, 2001.

[121] Full-package programs refer to arrangements in which a supplier agrees to provide a range of services, such as apparel design, fabric procurement, and apparel assembly, packaging, and distribution, or any combination of these services. In Guatemala, for example, a representative of AGEXPRONT estimated that 40 percent of the assembly plants now offer full-package services (interview by Commission staff, Guatemala City, June 15, 2001).

[122] Representatives of a Guatemalan apparel producer, interview by Commission staff, Guatemala, June 2001.

As discussed above, legislation introduced in the U.S. Congress in 2001 would renew ATPA and extend duty-free benefits to certain apparel articles from the four ATPA beneficiary countries. H.R. 3009, the Andean Trade Promotion and Drug Eradication Act (ATPDEA) was passed by the House of Representatives in November 2001. On November 29, 2001, the Senate Committee on Finance incorporated the substance of S. 525, ATDPEA with some modifications, in H.R. 3009. The Senate version of ATDPEA awaits action by the full Senate. A comparison of the Senate (S. 525) and House versions of H.R. 3009 as they relate to apparel made in ATPA countries appears in table 5-11.

Peru has expressed concern about the Senate version of the bill, which would extend preferential treatment only to limited quantities of apparel made in ATPA countries from regional fabrics. Unlike Colombia, Peru uses very few U.S. components in the production of apparel for export to the United States. Much of the Peruvian apparel destined for the U.S. market is believed to made from yarns and fabrics produced locally. Peru's textile and apparel industry is vertically integrated from fiber to finished product, and is a major market for the output of Peru's significant pima and tanguis cotton-growing sector. According to sources in Peru, if articles made from fabrics of Peruvian pima and tanguis cotton were included in any regional fabric provision for a renewed ATPA, then "100 percent of Peruvian cotton garment and textile exports would receive duty-free entry to the United States."[123] Without such a regional fabric provision, sources in Peru claimed that they would receive no benefit from ATPA renewal and expansion and that Colombia's maquila-based textile and apparel sector would have a cost advantage over Peru.[124]

U.S. Textile and Apparel Trade in 2001

U.S. imports of textiles and apparel in 2001 declined by less than 0.5 percent from the 2000 level to 32.9 billion SMEs ($70.2 billion), the first time in more than a decade that imports of these goods have fallen.[125] The import decline is believed to largely reflect the slowdown in U.S. economic activity that began in early 2001, exacerbated by events following the terrorist attacks of September 11. The major import is apparel, which accounted for almost half (16.1 million SMEs) of the import quantity but 80 percent ($57.2 billion) of the import value in 2001.

The decline in U.S. textile and apparel imports in 2001 resulted mainly from smaller shipments from countries with which the United States provided preferential market access–namely, Mexico and the CBERA countries. Imports from Mexico decreased by 10 percent to 4.3 billion SMEs ($8.9 billion), while those from the CBERA countries fell

[123] U.S. Department of State telegram, "Peru's Tanguis and Pima Cotton: An ATPA Factsheet," prepared by U.S. Embassy, Lima, Oct. 11, 2001.

[124] Ibid.

[125] The 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 (OTEXA). The data are available on OTEXA's web site at http://otexa.ita.doc.gov.

by 2 percent to 3.7 billion SMEs ($9.5 billion). Mexico remained the largest foreign supplier with an import share of 13 percent in 2001; the CBERA countries as a group accounted for 11.3 percent of the total. It is likely that the import decline from Mexico and the CBERA countries can be attributed to their dependence on U.S. demand for their goods.

Table 5-11
Comparison of Senate and House versions of H.R. 3009

Item	Senate version	House version
Apparel assembled in ATPA countries from U.S. fabrics	U.S. yarn Requires U.S. thread	U.S. or regional yarn No thread requirement
Apparel assembled in ATPA countries from components knit-to-shape in the United States	U.S. yarn only Requires U.S. thread	U.S. or regional yarn (chief weight of llama or alpaca) No thread requirement
Apparel assembled in ATPA countries from components knit-to-shape in ATPA countries	U.S. yarn only Subject to cap	U.S. or regional yarn Subject to cap
Apparel assembled in ATPA countries from regional fabrics	U.S. yarn only Subject to cap	U.S. or regional yarn Subject to cap
Size of regional fabric cap	70 million SMEs Increases 16 percent annually	Ranges from 3 to 6 percent (first year to last year) of total U.S. apparel imports in SMEs (3 percent equals about 486 million SMEs)

Source: USTR, Nov. 28, 2001

Imports from Asia in 2001 rose by 2 percent over the 2000 level to 15.8 billion SMEs ($35.4 billion), down from 12 percent and 7 percent gains in the previous 2 years. Imports from China, the third-largest foreign supplier after Mexico and Canada, declined by less than 0.5 percent to 2.2 billion SMEs ($6.5 billion). The increase in Asian imports resulted mainly from larger shipments from Pakistan, up by 10 percent to 2.2 billion SMEs ($1.9 billion); Indonesia, up by 11 percent to 1.2 billion SMEs ($2.6 billion); and the ASEAN countries, up by 4 percent to 4.4 billion SMEs ($10.0 billion).

Major U.S. Trade Sanctions Activities

The United States imposes economic sanctions to restrict or prohibit trade with respect to specific foreign countries[126] under numerous statutory authorities. Many of the sanctions are administered and enforced by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and the Bureau of Export Administration (BXA) of the U.S. Department of Commerce. Other agencies that administer and enforce U.S. sanctions include the Customs Service of the U.S. Department of the Treasury and the Office of Defense Trade Controls of the U.S. Department of State.

[126] The Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury lists the following countries as subject to U.S. economic sanctions: Burma (Myanmar), Cuba, Iran, Iraq, Liberia, Libya, North Korea, Sierra Leone, and Sudan. OFAC, found at Internet address http://www.ustreas.gov/ofac/, retrieved Feb. 20, 2002.

On July 12, 2001, BXA and OFAC published regulations implementing certain provisions of the Trade Sanctions Reform and Export Enhancements Act of 2000 (TSRA).[127] The regulations, which entered into effect on July 26, 2001, establish procedures that allow certain U.S. agricultural and medical exports to Cuba, Iran, Libya, and Sudan–countries subject to longstanding U.S. trade sanctions. BXA implemented the provisions of TSRA for exports of agricultural commodities to Cuba (U.S. exports of medicines and medical devices are not eligible for export or reexport to Cuba under TSRA procedures; however, they are subject to authorization under the provisions of the Cuban Democracy Act (22 U.S.C. 6004)). OFAC implemented the provisions of TSRA for exports of agricultural commodities, medicines, and medical devices to Iran, Libya, and Sudan.[128] Also during 2001, BXA published regulations implementing provisions of the President's September 22, 2001 waiver of U.S. unilateral economic sanctions with respect to India and Pakistan.[129]

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[127] 66 F.R. 36675. TSRA was signed into law by the President on Oct. 28, 2000 (title IX of Public Law 106-387). TSRA exempts certain agricultural commodities, medicines, and medical devices from U.S. trade sanctions.

[128] 66 F.R. 36675.

[129] The United States imposed unilateral economic sanctions with respect to India and Pakistan in 1998 after those countries detonated nuclear explosive devices (for further information, see USITC, Overview and Analysis of the Economic Impact of U.S. Sanctions with Respect to India and Pakistan, investigation No. 332-406, USITC publication No. 3236, September 1999). Certain components of those sanctions related to nonmilitary trade subsequently were waived. Sanctions waived in 2001 related to exports of items controlled for nuclear proliferation and missile technology and supplementary measures with respect to trade with certain Indian and Pakistani military and government entities. 66 F.R. 50090.

APPENDIX
Statistical Tables

Table A-1
U.S. merchandise trade with European Union, by SITC numbers (revision 3), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
			U.S. exports	
0	Food and live animals	3,685,507	3,479,349	3,615,305
1	Beverages and tobacco	1,805,302	1,536,893	1,494,420
2	Crude materials, inedible, except fuels	5,385,862	6,155,022	5,760,116
3	Mineral fuels, lubricants and related materials	1,542,281	1,713,744	1,782,647
4	Animal and vegetable oils, fats and waxes	169,567	138,194	146,021
5	Chemicals and related products, n.e.s.	18,804,600	21,364,841	22,905,809
6	Manufactured goods classified chiefly by material	7,845,272	8,920,843	9,183,924
7	Machinery and transport equipment	78,331,409	81,953,893	75,965,545
8	Miscellaneous manufactured articles	18,210,837	20,784,371	20,211,409
9	Commodities and transactions not classified elsewhere in the SITC	6,248,461	6,605,283	6,262,197
	Total	142,029,097	152,652,434	147,327,393
			U.S. imports	
0	Food and live animals	3,533,967	3,511,221	3,421,996
1	Beverages and tobacco	4,717,858	4,997,584	5,174,929
2	Crude materials, inedible, except fuels	1,793,623	1,836,631	1,767,712
3	Mineral fuels, lubricants and related materials	3,893,800	7,762,528	7,040,933
4	Animal and vegetable oils, fats and waxes	351,592	448,383	402,416
5	Chemicals and related products, n.e.s.	31,764,272	37,610,492	41,210,891
6	Manufactured goods classified chiefly by material	22,351,765	25,757,043	23,648,557
7	Machinery and transport equipment	88,014,441	94,796,867	94,720,588
8	Miscellaneous manufactured articles	26,469,396	29,415,763	28,874,363
9	Commodities and transactions not classified elsewhere in the SITC	11,518,671	12,238,937	12,648,600
	Total	194,409,387	218,375,449	218,910,985

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 the European Union, by Schedule B numbers, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	12,022,788	9,469,489	7,122,280
8473.30	Parts and accessories for automated data processing machines and units	6,961,909	7,891,114	6,134,356
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	5,288,191	4,763,975	4,923,745
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,772,463	2,321,217	3,803,472
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,440,968	3,773,093	3,785,774
8411.91	Parts for turbojets or turbopropellers	3,435,090	3,701,269	3,432,020
8542.13	Metal oxide semiconductors	1,870,696	2,480,363	2,329,200
8471.80	Other units of automated data processing machines	2,451,379	2,677,704	2,326,987
8411.12	Turbojets of a thrust exceeding 25 kN	1,597,811	1,908,172	2,223,170
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,381,000	1,906,895	1,895,431
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,441,141	1,387,245	1,693,816
8517.90	Parts of telephonic or telegraphic apparatus	1,275,214	1,881,775	1,531,298
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,270,651	1,403,820	1,442,258
8471.49	Other digital automated data processing machines, entered in the form of systems	993,611	988,098	1,248,812
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,245,344	952,371	1,242,757
1201.00	Soybeans, whether or not broken	1,049,384	1,148,300	1,172,436
8517.50	Other apparatus for carrier-current line systems or for digital line systems	843,635	1,088,684	1,110,906
8411.99	Gas turbines parts, n.e.s.o.i.	855,716	827,947	971,726
3002.10	Antisera and other blood fractions, and modified immunological products	627,287	838,746	930,328
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts	779,372	852,162	905,029
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	713,443	820,746	887,870
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	869,438	717,858	887,422
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	739,319	1,321,741	884,287
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	471,402	537,770	826,404
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	846,926	809,677	793,201
	Subtotal	55,244,177	56,470,229	54,504,986
	All other	86,784,920	96,182,204	92,822,407
	Total	142,029,097	152,652,434	147,327,393

[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 the European Union, by HTS numbers, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	12,054,001	11,665,374	12,647,310
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	9,589,150	10,956,159	10,865,292
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	7,357,200	7,836,876	8,306,068
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	4,941,302	4,912,974	7,004,170
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	3,642,602	5,407,530	6,036,294
2933.90	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	2,307,458	5,773,918	5,430,494
2934.90	Heterocyclic compounds, n.e.s.o.i.	3,546,813	4,021,002	5,235,780
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	2,607,538	5,155,076	5,122,863
8411.91	Parts for turbojets or turbopropellers	3,421,504	3,635,495	3,932,431
8411.12	Turbojets of a thrust exceeding 25 kN	3,451,486	2,705,733	3,568,610
9999.95[1]	Estimated "low valued" shipments	3,031,082	3,402,914	3,436,620
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	2,716,028	3,093,819	3,200,807
7102.39	Nonindustrial diamonds, n.e.s.o.i.	1,940,591	2,522,121	2,247,334
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,971,822	1,967,761	2,142,922
8473.30	Parts and accessories for automated data processing machines and units	2,713,141	2,791,203	2,118,588
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,269,226	1,620,916	1,578,844
8542.13	Metal oxide semiconductors	1,163,871	1,690,145	1,448,619
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,461,379	1,483,482	1,433,095
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,162,254	1,215,281	1,287,393
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,187,068	1,264,698	1,185,402
2203.00	Beer made from malt	975,050	1,114,400	1,139,004
8411.99	Gas turbines parts, n.e.s.o.i.	652,787	913,269	1,128,667
9706.00	Antiques of an age exceeding one hundred years	1,079,638	1,183,896	1,003,476
2931.00	Organo-inorganic compounds, n.e.s.o.i.	731,712	701,345	980,282
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	452,372	988,592	951,721
	Subtotal	75,427,072	88,023,979	93,432,085
	All other	118,982,314	130,351,471	125,478,900
	Total	194,409,387	218,375,449	218,910,985

[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 Canada, by SITC numbers (revision 3), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	6,342,636	6,850,281	7,264,270
1	Beverages and tobacco	371,685	377,451	392,675
2	Crude materials, inedible, except fuels	4,034,353	4,498,277	4,178,073
3	Mineral fuels, lubricants and related materials	2,141,409	2,641,537	3,572,996
4	Animal and vegetable oils, fats and waxes	177,459	188,533	174,292
5	Chemicals and related products, n.e.s.	14,367,219	15,626,960	15,221,120
6	Manufactured goods classified chiefly by material	20,605,336	23,030,383	20,606,818
7	Machinery and transport equipment	79,938,832	83,611,602	73,807,700
8	Miscellaneous manufactured articles	15,154,294	15,978,557	14,973,620
9	Commodities and transactions not classified elsewhere in the SITC	2,598,207	2,797,228	4,429,180
	Total	145,731,430	155,600,810	144,620,745
		U.S. imports		
0	Food and live animals	8,360,632	9,219,360	10,398,710
1	Beverages and tobacco	893,432	907,145	923,085
2	Crude materials, inedible, except fuels	11,986,090	12,013,275	10,785,521
3	Mineral fuels, lubricants and related materials	17,249,747	31,386,515	34,213,010
4	Animal and vegetable oils, fats and waxes	375,408	300,501	292,601
5	Chemicals and related products, n.e.s.	9,990,311	11,573,183	12,008,851
6	Manufactured goods classified chiefly by material	30,991,704	33,572,742	32,126,038
7	Machinery and transport equipment	90,313,100	97,455,708	85,767,740
8	Miscellaneous manufactured articles	13,194,771	15,558,466	14,235,790
9	Commodities and transactions not classified elsewhere in the SITC	14,887,189	17,073,034	16,084,849
	Total	198,242,386	229,059,929	216,836,196

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 Canada, by Schedule B numbers, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,364,613	5,271,976	4,743,461
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	3,375,615	3,566,966	4,197,396
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,366,923	5,291,223	4,064,844
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	3,944,609	4,161,435	3,854,986
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	4,234,377	4,269,000	3,733,448
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	1,648,622	1,878,189	3,646,973
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,523,738	2,801,399	2,138,932
8708.40	Gear boxes for motor vehicles	2,380,793	2,256,924	2,069,988
8473.30	Parts and accessories for automated data processing machines and units	1,253,163	1,587,818	1,489,927
8409.91	Parts for spark-ignition internal-combustion piston engines	1,745,780	1,582,284	1,273,461
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	963,199	1,287,188	1,262,758
2716.00	Electrical energy	206,283	397,558	1,258,244
8542.13	Metal oxide semiconductors	1,948,081	2,004,122	1,091,321
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,115,271	1,407,421	1,070,658
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,146,714	1,217,152	1,035,185
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,060,806	1,172,860	1,009,862
8708.39	Brakes and servo-brakes and parts for motor	1,167,227	1,061,236	953,776
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	625,620	885,887	904,542
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	889,556	970,385	861,440
7326.90	Articles of iron or steel n.e.s.o.i.	645,562	712,160	773,383
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	699,279	764,245	737,201
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	526,911	627,834	731,362
4901.99	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	800,715	748,726	716,789
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	959,182	902,253	715,791
8534.00	Printed circuits	695,353	848,466	685,848
	Subtotal	45,287,996	47,674,707	45,021,576
	All other	100,443,434	107,926,103	99,599,168
	Total	145,731,430	155,600,810	144,620,745

[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 Canada, by HTS numbers, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	27,110,928	27,938,810	25,778,748
2711.21	Natural gas, gaseous state	6,069,527	10,360,686	15,355,056
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	6,551,626	12,654,204	10,121,407
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	8,943,333	9,953,465	10,046,701
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	8,212,575	8,311,941	7,929,566
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	6,799,939	5,974,838	5,667,682
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	6,689,407	5,718,954	4,518,332
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	2,141,459	3,628,134	4,035,940
9999.95[1]	Estimated “low valued” shipments	3,365,257	3,909,776	3,788,331
4801.00	Newsprint, in rolls or sheets	3,341,296	3,674,117	3,493,941
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,372,669	3,535,305	3,376,267
2716.00	Electrical energy	1,333,614	2,710,622	2,680,884
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,857,419	1,937,916	2,653,979
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,384,620	2,669,694	2,343,075
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,793,083	2,730,127	2,119,538
8473.30	Parts and accessories for automated data processing machines and units	2,222,317	2,282,321	1,933,703
4802.60	Paper n.e.s.o.i., over 10% (weight) fiber obtained by mechanical process	1,449,828	1,558,747	1,768,410
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	78,546	1,050,243	1,574,714
8542.13	Metal oxide semiconductors	1,738,299	1,838,707	1,569,922
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	1,610,566	2,023,299	1,512,996
7601.10	Aluminum, not alloyed, unwrought	816,409	877,050	1,384,628
8517.90	Parts of telephonic or telegraphic apparatus	1,736,512	2,803,404	1,298,321
7601.20	Unwrought aluminum alloys	1,411,383	1,540,066	1,233,755
2711.12	Propane, liquefied	526,945	960,329	1,142,922
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	1,324,566	1,345,728	1,110,225
	Subtotal	103,882,124	121,988,483	118,439,040
	All other	94,360,262	107,071,446	98,397,156
	Total	198,242,386	229,059,929	216,836,196

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	3,836,359	4,473,330	5,202,888
1	Beverages and tobacco	70,536	69,788	101,671
2	Crude materials, inedible, except fuels	2,571,318	3,012,123	2,934,019
3	Mineral fuels, lubricants and related materials	2,252,741	4,276,604	3,252,681
4	Animal and vegetable oils, fats and waxes	358,810	302,663	270,375
5	Chemicals and related products, n.e.s.	7,019,691	8,647,873	8,238,971
6	Manufactured goods classified chiefly by material	12,081,576	14,970,782	13,058,263
7	Machinery and transport equipment	39,179,206	48,305,363	42,705,290
8	Miscellaneous manufactured articles	9,918,646	11,447,912	10,514,104
9	Commodities and transactions not classified elsewhere in the SITC	4,091,857	4,935,657	4,259,171
	Total	81,380,740	100,442,094	90,537,434
		U.S. imports		
0	Food and live animals	4,398,281	4,516,858	4,520,323
1	Beverages and tobacco	1,002,023	1,281,975	1,396,705
2	Crude materials, inedible, except fuels	863,665	908,388	815,597
3	Mineral fuels, lubricants and related materials	6,194,267	11,268,437	9,082,451
4	Animal and vegetable oils, fats and waxes	26,495	19,100	22,988
5	Chemicals and related products, n.e.s.	1,975,843	2,128,790	2,030,213
6	Manufactured goods classified chiefly by material	7,998,994	9,111,009	8,794,047
7	Machinery and transport equipment	63,567,565	79,305,496	78,182,629
8	Miscellaneous manufactured articles	17,901,880	20,237,799	19,925,098
9	Commodities and transactions not classified elsewhere in the SITC	5,089,148	5,956,550	5,738,881
	Total	109,018,159	134,734,402	130,508,931

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	2,900,664	3,670,027	3,353,352
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,549,452	2,660,679	2,639,994
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	1,729,326	3,183,295	2,399,836
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	1,672,328	2,079,024	1,734,435
8540.11	Cathode-ray television picture tubes, color, including monitor	1,297,951	1,691,051	1,519,123
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	443,968	1,108,363	1,482,204
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	2,314,781	1,611,930	1,468,479
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,431,027	1,111,382	1,414,625
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	443,328	836,879	1,057,002
8542.30	Other monolithic integrated circuits	904,197	1,401,902	993,342
8473.30	Parts and accessories for automated data processing machines and units	1,285,142	1,244,304	989,025
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	801,511	1,135,485	975,425
8542.13	Metal oxide semiconductors	884,069	1,261,169	902,377
8525.20	Transmission apparatus incorporating reception apparatus	676,312	853,155	882,307
7326.90	Articles of iron or steel, n.e.s.o.i.	908,616	1,185,456	880,125
1201.00	Soybeans, whether or not broken	662,716	680,790	769,632
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	548,774	727,002	723,286
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control, n.e.s.o.i.	1,035,652	953,654	645,051
8708.40	Gear boxes for motor vehicles	241,529	655,386	619,038
8503.00	Parts of electric motors, generators and sets	678,665	647,743	605,513
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	267,051	709,639	587,269
1005.90	Corn (maize), other than seed	534,868	517,508	567,400
4819.10	Cartons, boxes and cases corrugated paper and paperboard	580,073	603,216	540,721
8408.20	Compression-ignition internal-combustion piston engines	517,129	728,299	538,103
1007.00	Grain sorghum	385,094	455,488	513,736
	Subtotal	24,694,223	31,712,826	28,801,399
	All other	56,686,517	68,729,267	61,736,035
	Total	81,380,740	100,442,094	90,537,434

[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-9
Leading imports from Mexico, by HTS numbers, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	6,890,696	9,291,491	8,406,086
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	5,265,301	9,837,980	7,956,789
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	2,879,346	6,237,212	5,478,604
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,927,390	2,708,695	4,731,295
8528.12	Incomplete or unfinished color reception apparatus for televisions	4,089,084	4,540,232	4,676,319
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	3,511,295	4,054,720	3,825,738
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	3,996,215	4,171,292	3,824,036
8525.10	Transmission apparatus for radio or television	1,655,729	2,791,842	2,671,757
8471.60	Input or output units for automated data processing machines	2,230,220	2,475,298	2,491,005
8525.20	Transmission apparatus incorporating reception apparatus	668,626	1,801,427	2,250,190
8473.30	Parts and accessories for automated data processing machines and units	1,983,292	2,333,255	2,195,946
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	1,827,154	2,059,572	2,142,426
8471.80	Other units of automated data processing machines	157,055	871,055	1,899,384
8527.21	Radiobroadcast receivers for motor vehicles	1,288,093	1,743,547	1,755,837
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	823,327	1,732,431	1,686,905
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	1,477,843	1,730,546	1,561,658
9999.95[1]	Estimated "low valued" shipments	1,203,426	1,523,920	1,492,170
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,476,566	1,656,737	1,460,281
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	945,863	1,269,143	1,422,724
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted	1,159,680	1,461,448	1,350,627
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,505,023	1,449,248	1,274,602
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	900,590	1,346,377	1,261,570
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	967,360	1,224,114	1,206,678
8471.49	Other digital automated data processing machines, entered in the form of systems	289,358	447,731	1,118,038
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts	784,263	950,068	1,038,736
	Subtotal	50,902,795	69,709,379	69,179,401
	All other	58,115,364	65,025,023	61,329,530
	Total	109,018,159	134,734,402	130,508,931

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	8,528,328	8,761,815	8,370,239
1	Beverages and tobacco	2,198,090	2,474,076	1,651,778
2	Crude materials, inedible, except fuels	3,574,701	3,760,061	3,143,353
3	Mineral fuels, lubricants and related materials	758,379	806,165	516,644
4	Animal and vegetable oils, fats and waxes	76,242	54,614	54,940
5	Chemicals and related products, n.e.s.	5,690,001	6,346,967	6,305,711
6	Manufactured goods classified chiefly by material	2,694,722	3,261,585	2,705,395
7	Machinery and transport equipment	22,124,162	24,882,143	20,788,154
8	Miscellaneous manufactured articles	7,471,646	9,083,731	8,619,198
9	Commodities and transactions not classified elsewhere in the SITC	1,194,196	1,319,869	1,390,540
	Total	54,310,468	60,751,026	53,545,953
		U.S. imports		
0	Food and live animals	346,946	351,314	311,597
1	Beverages and tobacco	68,640	68,919	68,836
2	Crude materials, inedible, except fuels	238,102	281,708	244,244
3	Mineral fuels, lubricants and related materials	293,934	285,191	287,692
4	Animal and vegetable oils, fats and waxes	22,494	24,696	23,376
5	Chemicals and related products, n.e.s.	6,493,053	7,139,305	6,586,718
6	Manufactured goods classified chiefly by material	7,618,510	7,873,017	6,712,049
7	Machinery and transport equipment	99,113,670	111,519,412	94,153,514
8	Miscellaneous manufactured articles	12,793,937	14,163,190	13,739,923
9	Commodities and transactions not classified elsewhere in the SITC	3,961,704	4,035,114	4,011,439
	Total	130,950,990	145,741,866	126,139,387

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,747,975	1,844,414	1,933,116
8542.13	Metal oxide semiconductors	1,769,505	1,881,723	1,503,246
8473.30	Parts and accessories for automated data processing machines and units	1,665,493	1,915,834	1,443,665
1005.90	Corn (maize), other than seed	1,426,405	1,423,613	1,327,876
2402.20	Cigarettes containing tobacco	1,719,226	1,936,984	1,175,014
8471.80	Other units of automated data processing machines	621,504	923,516	903,385
0201.30	Meat of bovine animals, boneless, fresh or chilled	705,520	785,329	738,453
1201.00	Soybeans, whether or not broken	785,485	771,587	729,584
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	628,420	889,521	715,005
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	652,579	1,250,795	702,254
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	613,703	702,989	651,133
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	343,966	394,282	610,884
8411.91	Parts for turbojets or turbopropellers	399,444	459,864	601,054
2844.20	Uranium and its compounds enriched in U235; plutonium and its compounds	509,399	543,548	557,993
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	482,535	624,959	540,161
9018.39	Medical etc. needles, n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	382,036	408,755	516,203
4403.20	Coniferous wood in the rough, not treated	699,640	709,158	503,068
8411.99	Gas turbines parts, n.e.s.o.i.	294,726	538,760	489,772
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	401,377	436,643	461,542
1001.90	Wheat and meslin, excluding durum wheat	452,771	422,166	437,932
0202.30	Meat of bovine animals, boneless, frozen	579,979	600,279	430,544
0203.19	Meat of swine, fresh or chilled, n.e.s.o.i.	300,295	391,904	414,146
8471.49	Other digital automated data processing machines, entered in the form of systems	260,133	319,293	406,254
8471.50	Digital processing units other than those of 8471.41 and 8471.49	380,674	451,188	382,360
8518.40	Audio-frequency electric amplifiers	190,043	281,186	363,856
	Subtotal	18,012,831	20,908,288	18,538,498
	All other	36,297,637	39,842,738	35,007,455
	Total	54,310,468	60,751,026	53,545,953

[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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	21,978,272	23,544,602	23,052,195
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	8,632,479	9,454,956	8,689,152
8473.30	Parts and accessories for automated data processing machines and units	4,025,452	4,992,708	4,115,304
8471.60	Input or output units for automated data processing machines	4,999,634	5,367,018	3,422,973
8525.40	Still image video cameras and other video camera recorders	2,443,674	3,238,066	2,616,894
9504.10	Video games used with television receiver and parts and accessories	1,926,103	1,614,331	2,615,563
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,461,413	2,320,545	2,529,348
8542.13	Metal oxide semiconductors	3,939,384	4,792,838	2,465,500
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,774,999	1,991,999	1,950,244
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,272,392	1,465,323	1,503,383
9999.95[1]	Estimated “low valued” shipments	1,423,928	1,621,632	1,412,262
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,347,267	1,172,167	1,386,204
8471.70	Automatic data processing storage units	2,826,867	2,066,502	1,309,281
8708.40	Gear boxes for motor vehicles	1,171,518	1,459,126	1,267,810
8517.90	Parts of telephonic or telegraphic apparatus	1,549,345	1,762,638	1,152,458
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	815,386	970,170	1,018,776
8409.91	Parts for spark-ignition internal-combustion piston engines	876,726	1,096,489	994,388
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	869,591	1,517,989	986,172
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	823,085	802,978	758,651
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	686,883	810,855	753,326
8711.40	Motorcycles and cycles with auxiliary motor, with reciprocating internal combustion piston engine, cylinder capacity 500 to 800 cc	402,435	534,342	724,097
8528.30	Video projectors	55,588	204,576	703,296
8703.21	Other passenger motor vehicles, with spark-ignition internal combustion reciprocating piston engine, cylinder capacity not over 1,000 cc	470,632	660,753	661,068
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	655,961	842,742	658,753
8525.20	Transmission apparatus incorporation reception apparatus	730,119	940,880	642,861
	Subtotal	68,159,131	75,246,222	67,389,959
	All other	62,791,859	70,495,644	58,749,427
	Total	130,950,990	145,741,866	126,139,387

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	319,884	457,789	500,985
1	Beverages and tobacco	10,800	4,891	5,609
2	Crude materials, inedible, except fuels	1,163,675	2,521,564	3,093,296
3	Mineral fuels, lubricants and related materials	122,523	59,565	93,405
4	Animal and vegetable oils, fats and waxes	74,323	20,710	14,127
5	Chemicals and related products, n.e.s.	2,077,041	2,290,678	2,180,334
6	Manufactured goods classified chiefly by material	886,965	1,231,539	1,065,242
7	Machinery and transport equipment	6,762,833	7,366,647	9,373,724
8	Miscellaneous manufactured articles	959,061	1,160,775	1,423,788
9	Commodities and transactions not classified elsewhere in the SITC	207,795	221,182	208,532
	Total	12,584,898	15,335,341	17,959,041
		U.S. imports		
0	Food and live animals	861,556	1,020,637	1,141,060
1	Beverages and tobacco	21,251	31,672	34,798
2	Crude materials, inedible, except fuels	509,001	613,804	595,270
3	Mineral fuels, lubricants and related materials	237,729	615,373	393,916
4	Animal and vegetable oils, fats and waxes	5,982	7,551	5,765
5	Chemicals and related products, n.e.s.	1,675,170	1,802,681	2,054,728
6	Manufactured goods classified chiefly by material	8,251,243	10,256,089	10,727,348
7	Machinery and transport equipment	26,204,597	34,686,724	34,790,258
8	Miscellaneous manufactured articles	42,825,773	49,411,102	51,096,748
9	Commodities and transactions not classified elsewhere in the SITC	929,980	1,134,881	1,229,436
	Total	81,522,281	99,580,514	102,069,326

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,984,493	1,424,415	2,068,028
1201.00	Soybeans, whether or not broken	347,870	1,007,661	1,012,486
8542.13	Metal oxide semiconductors	453,913	406,788	552,191
3100.00[1]	Fertilizers	930,236	657,616	415,480
8471.80	Other units of automated data processing machines	153,398	400,561	400,969
8473.30	Parts and accessories for automated data processing machines and units	208,025	367,177	395,521
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	91,887	210,672	359,570
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	82,574	132,418	269,058
8525.20	Transmission apparatus incorporating reception apparatus	86,199	138,282	263,596
7404.00	Copper waste and scrap	73,854	166,955	241,115
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	264,257	206,212	239,581
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	112,721	196,572	221,523
8471.49	Other digital automated data processing machines, entered in the form of systems	146,310	183,859	215,290
7204.49	Ferrous waste and scrap, n.e.s.o.i.	23,857	78,457	203,554
8517.90	Parts of telephonic or telegraphic apparatus	168,344	312,416	203,342
7602.00	Aluminum waste and scrap	67,368	150,592	156,144
8418.61	Other refrigerating or freezing equipment/heat pumps not for air conditioning, having compression type units whose condensers are heat exchangers	54,714	105,483	155,510
8517.50	Other apparatus for carrier-current line systems or for digital line systems	53,790	70,070	137,016
8523.20	Magnetic discs, unrecorded	23,419	96,270	121,132
7204.29	Waste and scrap, of non-stainless alloy steel	31,252	74,238	119,535
9880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	75,519	96,597	112,531
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	89,556	82,355	110,677
8406.90	Parts for steam and other vapor turbines	21,097	11,680	103,207
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	63,213	96,918	100,793
8542.30	Other monolithic integrated circuits	32,908	41,119	97,237
	Subtotal	5,640,776	6,715,383	8,275,086
	All other	6,944,122	8,619,958	9,683,956
	Total	12,584,898	15,335,341	17,959,041

[1] 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-15
Leading imports from China, by HTS numbers, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8473.30	Parts and accessories for automated data processing machines and units	3,009,122	3,600,386	3,893,901
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	2,987,661	3,413,695	3,815,217
8471.60	Input or output units for automated data processing machines	2,827,097	3,646,743	3,751,601
6402.99	Footwear with outer soles and uppers of rubber or plastics, n.e.s.o.i.	2,273,606	2,318,423	2,283,033
9503.90	Other toys and models, n.e.s.o.i.	2,189,402	2,271,244	2,158,927
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,195,222	1,340,462	1,470,834
8471.70	Automatic data processing storage units	889,720	1,206,684	1,325,921
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,187,775	1,203,039	1,300,020
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	86,454	609,864	1,262,084
4203.10	Articles of apparel of leather or composition leather	660,968	1,193,607	1,258,233
8517.11	Line telephone sets with cordless handsets	1,197,949	1,273,982	1,188,275
9503.41	Stuffed toys, representing animals or non-human creatures, and parts and accessories	1,480,816	1,305,654	1,170,772
8504.40	Static converters	1,038,628	1,206,494	1,092,615
9403.60	Wooden furniture, other than of a kind used in the bedroom	745,285	983,400	1,077,253
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	707,725	780,605	987,071
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed	1,085,615	1,170,330	964,076
9503.49	Other toys, representing animals or non-human creatures, and parts and accessories	1,195,777	1,121,512	908,227
6110.90	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of textile materials, n.e.s.o.i.	832,790	836,416	895,138
8525.20	Transmission apparatus incorporating reception apparatus	235,528	515,387	871,295
9999.95[1]	Estimated “low valued” shipments	585,871	759,361	784,200
9503.70	Toys, put up in sets or outfits and parts and accessories, n.e.s.o.i.	600,098	744,095	779,177
9403.20	Metal furniture, other than of a kind used in offices	496,631	671,430	770,143
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	737,213	784,610	768,561
8519.99	Sound reproducing apparatus, other than cassette type, n.e.s.o.i.	595,783	712,424	754,904
8527.13	Other radiobroadcast apparatus combined with sound recording or reproducing apparatus	804,221	1,055,520	737,781
	Subtotal	29,646,956	34,725,369	36,269,262
	All other	51,875,325	64,855,145	65,800,065
	Total	81,522,281	99,580,514	102,069,326

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	1,275,524	1,283,413	1,242,396
1	Beverages and tobacco	80,196	86,954	83,194
2	Crude materials, inedible, except fuels	1,042,392	1,132,517	1,117,429
3	Mineral fuels, lubricants and related materials	163,102	144,318	67,902
4	Animal and vegetable oils, fats and waxes	36,630	20,277	12,761
5	Chemicals and related products, n.e.s.	2,221,945	2,634,748	2,095,335
6	Manufactured goods classified chiefly by material	734,044	827,943	677,986
7	Machinery and transport equipment	9,964,084	12,914,065	9,046,097
8	Miscellaneous manufactured articles	1,751,350	2,905,342	1,906,828
9	Commodities and transactions not classified elsewhere in the SITC	370,441	454,107	376,177
	Total	17,639,708	22,403,683	16,626,104
		U.S. imports		
0	Food and live animals	347,058	307,335	313,516
1	Beverages and tobacco	7,598	7,802	7,653
2	Crude materials, inedible, except fuels	130,599	155,153	138,987
3	Mineral fuels, lubricants and related materials	13,397	1,988	81,525
4	Animal and vegetable oils, fats and waxes	3,923	4,426	4,322
5	Chemicals and related products, n.e.s.	483,505	635,063	605,621
6	Manufactured goods classified chiefly by material	4,466,426	4,814,402	4,080,038
7	Machinery and transport equipment	22,027,902	26,280,161	20,737,330
8	Miscellaneous manufactured articles	6,566,697	7,086,821	6,160,905
9	Commodities and transactions not classified elsewhere in the SITC	1,009,932	1,090,582	1,131,851
	Total	35,057,037	40,383,733	33,261,748

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8542.13	Metal oxide semiconductors	1,541,122	2,702,868	2,044,884
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	1,093,658	2,130,893	768,228
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	453,478	742,026	751,429
8542.30	Other monolithic integrated circuits	654,697	618,539	587,261
1005.90	Corn (maize), other than seed	464,536	456,516	473,205
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	448,071	384,536	399,164
1201.00	Soybeans, whether or not broken	391,596	384,764	384,832
8473.30	Parts and accessories for automated data processing machines and units	306,791	398,583	295,221
9306.90	Bombs, grenades, torpedoes, mines, missiles, etc., and parts	37,892	126,911	245,768
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	174,111	308,337	220,118
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	205,709	278,612	214,416
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items	145,946	377,337	196,109
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	151,145	167,773	182,266
1001.90	Wheat and meslin, excluding durum wheat	137,211	143,633	159,162
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	343,324	382,595	144,502
8471.49	Other digital automated data processing machines, entered in the form of systems	85,626	159,288	132,722
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	192,951	560,298	130,229
8517.90	Parts of telephonic or telegraphic apparatus	89,579	222,445	128,157
5201.00	Cotton, not carded or combed	57,083	107,118	124,784
8471.80	Other units of automated data processing machines	84,337	142,570	118,224
8411.91	Parts for turbojets or turbopropellers	31,099	43,404	105,846
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	87,686	70,434	97,577
7204.21	Waste and scrap, of stainless steel	23,210	55,969	92,619
9030.90	Parts, accessories of instruments, apparatus for measuring, checking, detecting electrical quantities, or ionizing radiations, n.e.s.o.i.	72,052	115,599	91,560
2844.20	Uranium and its compounds enriched in U235; plutonium and its compounds	49,124	29,086	87,085
	Subtotal	7,322,036	11,110,136	8,175,368
	All other	10,317,673	11,293,548	8,450,736
	Total	17,639,708	22,403,683	16,626,104

[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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	2,555,252	3,796,062	3,068,483
8473.30	Parts and accessories for automated data processing machines and units	4,392,291	3,767,955	2,864,622
8542.13	Metal oxide semiconductors	2,191,643	3,342,272	2,181,941
8471.60	Input or output units for automated data processing machines	1,311,485	1,222,140	1,005,873
8471.80	Other units of automated data processing machines	641,559	892,477	978,601
8542.30	Other monolithic integrated circuits	1,101,954	1,151,296	772,074
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	570,963	567,211	689,905
8525.10	Transmission apparatus for radio or television	799,404	908,320	618,149
8534.00	Printed circuits	593,965	889,636	540,554
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	256,121	447,662	520,527
8517.50	Other apparatus for carrier-current line systems or for digital line systems	350,029	614,463	484,171
9999.95[1]	Estimated "low valued" shipments	424,869	502,761	417,371
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	380,870	385,694	344,999
8504.40	Static converters	437,420	487,132	296,758
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	202,930	270,909	287,292
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers	282,010	318,338	257,846
8471.41	Digital ADP machines, comprising in same housing at least a central processing unit and an input and output unit, n.e.s.o.i.	16,912	170,869	243,260
7318.14	Self-tapping screws of iron or steel	233,298	260,876	238,587
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	254,307	277,273	238,286
8465.91	Sawing machines for working wood, cork, bone, hard rubber, hard plastics, etc	241,875	286,638	223,662
8471.50	Digital processing units other than those of 8471.41 and 8471.49	126,236	202,349	215,668
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	204,080	177,235	208,283
8712.00	Bicycles and other cycles (including delivery tricycles), not motorized	310,703	278,440	180,396
8542.19	Electronic monolithic integrated circuits, digital, n.e.s.o.i.	52,268	119,553	173,575
9403.20	Metal furniture, other than of a kind used in offices	210,570	206,113	170,915
	Subtotal	18,143,013	21,543,673	17,221,799
	All other	16,914,023	18,840,060	16,039,949
	Total	35,057,037	40,383,733	33,261,748

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	1,764,918	1,714,703	1,803,177
1	Beverages and tobacco	118,927	169,600	163,730
2	Crude materials, inedible, except fuels	1,610,728	2,059,849	1,877,703
3	Mineral fuels, lubricants and related materials	486,246	353,543	190,401
4	Animal and vegetable oils, fats and waxes	127,876	77,409	30,050
5	Chemicals and related products, n.e.s.	2,092,042	2,641,573	2,474,439
6	Manufactured goods classified chiefly by material	850,725	1,053,699	1,018,407
7	Machinery and transport equipment	12,869,789	15,600,067	11,112,686
8	Miscellaneous manufactured articles	1,692,366	2,177,858	1,842,674
9	Commodities and transactions not classified elsewhere in the SITC	423,890	454,136	386,300
	Total	22,037,507	26,302,437	20,899,568
		U.S. imports		
0	Food and live animals	150,064	166,134	175,972
1	Beverages and tobacco	18,021	23,085	31,691
2	Crude materials, inedible, except fuels	142,134	204,319	198,268
3	Mineral fuels, lubricants and related materials	273,017	380,079	462,633
4	Animal and vegetable oils, fats and waxes	465	2,221	2,223
5	Chemicals and related products, n.e.s.	741,923	849,073	861,167
6	Manufactured goods classified chiefly by material	3,409,271	3,748,759	3,257,948
7	Machinery and transport equipment	21,594,397	29,300,191	24,969,100
8	Miscellaneous manufactured articles	4,226,571	4,484,802	4,215,541
9	Commodities and transactions not classified elsewhere in the SITC	596,440	670,242	742,643
	Total	31,152,305	39,828,906	34,917,187

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8542.13	Metal oxide semiconductors	4,591,446	4,096,225	2,102,256
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	926,510	1,191,408	1,545,256
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	510,073	573,842	826,489
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	581,600	1,115,030	578,584
4101.21	Raw hides and skins of bovine animals, n.e.s.o.i., fresh or wet-salted	296,603	444,303	478,792
8542.30	Other monolithic integrated circuits	373,383	493,663	404,650
8473.30	Parts and accessories for automated data processing machines and units	305,733	597,466	346,243
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	181,399	353,891	327,768
1005.90	Corn (maize), other than seed	574,936	206,810	277,337
1201.00	Soybeans, whether or not broken	225,232	258,824	226,291
8471.49	Other digital automated data processing machines, entered in the form of systems	216,575	395,556	224,908
8471.80	Other units of automated data processing machines	190,826	399,144	204,449
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	209,455	252,390	197,896
1001.90	Wheat and meslin, excluding durum wheat	208,997	178,779	173,003
0202.30	Meat of bovine animals, boneless, frozen	240,811	305,163	167,023
0202.20	Meat of bovine animals, cuts with bone in, other than in half or whole carcasses, frozen	71,842	170,945	161,214
5201.00	Cotton, not carded or combed	65,326	96,088	160,529
2926.10	Acrylonitrile	81,269	207,526	160,230
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	234,710	231,877	150,526
8542.90	Parts for electronic integrated circuits and microassemblies	123,040	204,537	149,251
8517.50	Other apparatus for carrier-current line systems or for digital line systems	76,487	353,444	148,107
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	8,091	57,069	142,931
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	95,405	106,957	125,563
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	140,177	150,213	118,858
8471.50	Digital processing units other than those of 8471.41 and 8471.49	78,784	113,353	117,074
	Subtotal	10,608,709	12,554,503	9,515,227
	All other	11,428,798	13,747,934	11,384,341
	Total	22,037,507	26,302,437	20,899,568

[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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	2,606,787	4,239,011	5,050,787
8525.20	Transmission apparatus incorporating reception apparatus	1,628,310	2,915,907	4,325,894
8542.13	Metal oxide semiconductors	5,891,646	6,495,560	2,928,381
8471.60	Input or output units for automated data processing machines	1,857,797	2,232,445	1,429,991
8473.30	Parts and accessories for automated data processing machines and units	1,720,853	2,817,209	1,416,807
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	257,096	538,584	981,194
8471.70	Automatic data processing storage units	514,766	826,815	657,713
8471.50	Digital processing units other than those of 8471.41 and 8471.49	744,977	1,255,536	571,318
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	437,577	462,619	556,575
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	240,186	327,419	451,869
8516.50	Microwave ovens of a kind used for domestic purposes	483,339	493,929	422,745
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	397,373	366,245	414,997
8542.30	Other monolithic integrated circuits	452,285	587,568	363,040
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	134	1,189	334,303
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	89,781	234,589	305,803
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	84,632	320,744	265,148
8525.40	Still image video cameras and other video camera recorders	194,329	270,232	261,125
6205.30	Men's or boys' shirts, of manmade fibers, not knitted or crocheted	170,846	257,631	233,326
8415.10	Air conditioning machines, window or wall types, self-contained, with motor-driven fan and elements for changing the temperature/humidity	163,581	267,687	230,602
8544.70	Optical fiber cables, made up of individually sheathed fibers	1,366	60,830	211,891
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	151,190	181,102	192,150
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	123,862	127,120	183,684
9999.95[1]	Estimated "low valued" shipments	139,603	189,942	168,791
8534.00	Printed circuits	164,659	226,558	157,879
8471.49	Other digital automated data processing machines, entered in the form of systems	391,779	131,064	142,340
	Subtotal	18,908,753	25,827,536	22,258,353
	All other	12,243,552	14,001,369	12,658,834
	Total	31,152,305	39,828,906	34,917,187

[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), 1999-2001

(1,000 dollars)

SITC Section No.	Description	1999	2000	2001
		U.S. exports		
0	Food and live animals	137,917	140,932	145,443
1	Beverages and tobacco	5,857	7,147	3,644
2	Crude materials, inedible, except fuels	237,697	330,146	250,468
3	Mineral fuels, lubricants and related materials	304,120	340,673	339,210
4	Animal and vegetable oils, fats and waxes	5,429	2,195	7,863
5	Chemicals and related products, n.e.s.	2,505,077	2,793,690	2,897,789
6	Manufactured goods classified chiefly by material	741,657	752,297	652,310
7	Machinery and transport equipment	7,054,642	8,021,261	8,901,679
8	Miscellaneous manufactured articles	1,033,351	1,307,310	1,114,270
9	Commodities and transactions not classified elsewhere in the SITC	305,156	329,804	349,848
	Total	12,330,902	14,025,456	14,662,524
		U.S. imports		
0	Food and live animals	1,287,875	1,027,878	875,629
1	Beverages and tobacco	165,724	143,439	157,207
2	Crude materials, inedible, except fuels	972,875	1,136,065	1,032,068
3	Mineral fuels, lubricants and related materials	289,498	788,247	1,110,916
4	Animal and vegetable oils, fats and waxes	16,429	16,367	17,341
5	Chemicals and related products, n.e.s.	468,420	668,624	570,527
6	Manufactured goods classified chiefly by material	2,467,464	2,916,807	2,627,429
7	Machinery and transport equipment	3,554,296	4,283,735	5,504,810
8	Miscellaneous manufactured articles	1,349,992	1,649,619	1,700,744
9	Commodities and transactions not classified elsewhere in the SITC	700,145	1,100,790	818,419
	Total	11,272,720	13,731,571	14,415,091

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, 1999-2001

(1,000 dollars)

Schedule B No.	Description	1999	2000	2001
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	343,474	43,000	668,982
8411.12	Turbojets of a thrust exceeding 25 kN	394,056	520,066	584,752
8473.30	Parts and accessories for automated data processing machines and units	557,529	701,588	515,180
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	428,469	426,454	430,462
8411.91	Parts for turbojets or turbopropellers	189,854	264,230	305,082
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	479,675	448,985	245,441
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	209,555	233,827	243,542
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	116,916	186,300	226,511
8502.39	Other electric generating sets, n.e.s.o.i.	27,142	0	225,608
8411.82	Gas turbines, except turbojets and turbopropellers, of a power not exceeding 5,000 kW	3,157	10,193	200,365
3100.00[2]	Fertilizers	110,813	146,289	184,955
8517.90	Parts of telephonic or telegraphic apparatus	130,641	221,607	183,759
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	258,086	252,746	180,235
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	174,636	157,718	179,017
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	6,319	51,977	171,783
8542.13	Metal oxide semiconductors	99,198	227,166	169,727
8525.20	Transmission apparatus incorporating reception apparatus	441,319	234,874	166,402
8431.49	Parts and attachments for derricks, cranes, self-propelled bulldozers, graders, and other grading, scraping machinery, n.e.s.o.i.	52,715	111,415	158,213
8411.99	Gas turbines parts, n.e.s.o.i.	90,393	81,391	148,753
8471.90	Other ADP, magnetic and optical reading, transcribing, and processing machines, n.e.s.o.i.	58,062	78,158	147,930
8471.80	Other units of automated data processing machines	87,650	164,584	128,779
8501.34	DC electric motors n.e.s.o.i. and generators, of an output exceeding 375 kW	24	6,663	115,995
8471.49	Other digital automated data processing machines, entered in the form of systems	128,336	136,906	111,754
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	92,956	131,136	110,494
9009.90	Parts and accessories of photocopying apparatus	64,372	73,819	106,093
	Subtotal	4,545,348	4,911,093	5,909,814
	All other	7,785,555	9,114,363	8,752,710
	Total	12,330,902	14,025,456	14,662,524

[1] Speical “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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,162,344	1,435,020	1,908,043
2710.00	Petroleum oils and oils obtained from bituminous minerals, other than crude; and preparations, n.e.s.o.i.	267,236	689,888	975,828
8525.20	Transmission apparatus incorporating reception apparatus	45,128	336,643	840,174
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	745,184	826,772	834,438
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	374,755	677,737	528,388
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,349	149,424	520,899
4703.29	Chemical woodpulp, soda, or sulfate, other than dissolving grades, semibleached or bleached, nonconiferous	331,517	462,480	381,935
7201.10	Nonalloy pig iron containing 0.5 percent or less phosphorus by weight, in primary forms	265,095	355,688	362,651
7207.12	Semifinished iron/nonalloy steel products, under 0.25 percent carbon, rectangular/not square, width not less than twice thickness	399,024	436,633	250,364
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	287,062	364,857	221,402
8414.30	Compressors of a kind used in refrigerating equipment, including air conditioning	213,583	217,044	209,773
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	91,536	159,139	192,258
0901.11	Coffee, not roasted, not decaffeinated	463,708	247,321	153,655
2401.20	Tobacco, partly or wholly stemmed/stripped	158,578	134,602	148,361
8409.99	Parts for use with compression-ignition internal combustion piston engines	226,140	192,246	133,054
8527.21	Radiobroadcast receivers for motor vehicles	172,057	186,380	120,392
7224.90	Semifinished products of alloy steel, other than stainless, n.e.s.o.i.	44,239	112,001	120,257
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	153,635	133,072	120,157
4409.10	Wood, including strips and friezes, continuously shaped along any of its edges or faces, coniferous	74,238	77,500	105,636
1602.50	Other prepared or preserved meat, meat offal, or blood, of bovine animals, n.e.s.o.i.	121,824	91,638	92,837
2909.19	Acyclic ethers, excluding diethyl ether, and their halogenated, sulfonated, nitrated, or nitrosated derivatives	70,806	134,102	92,483
8409.91	Parts for spark-ignition internal-combustion piston engines	104,053	110,317	86,651
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	131,048	113,142	83,429
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	3,551	44,446	82,331
7601.20	Unwrought aluminum alloys	66,234	99,037	79,525
	Subtotal	5,973,924	7,787,128	8,644,924
	All other	5,298,796	5,944,443	5,770,166
	Total	11,272,720	13,731,571	14,415,091

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 (114 total) in 2001, by USITC investigation numbers

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-865	Stainless steel butt-weld pipe fittings	Italy	12/29/99	A	A	A	A	01/29/01
731-TA-866	Stainless steel butt-weld pipe fittings	Malaysia	12/29/99	A	A	A	A	01/29/01
731-TA-867	Stainless steel butt-weld pipe fittings	Philippines	12/29/99	A	A	A	A	01/29/01
731-TA-868	Steel wire rope	China	03/01/00	A	A	A	N	03/30/01
731-TA-869	Steel wire rope	India	03/01/00	A	A	A	N	03/30/01
731-TA-870	Steel wire rope	Malaysia	03/01/00	A	N	N	([3])	02/28/01
731-TA-873	Steel concrete reinforcing bars	Belarus	06/28/00	A	A	A	A	07/23/01
731-TA-874	Steel concrete reinforcing bars	China	06/28/00	A	A	A	A	07/23/01
731-TA-875	Steel concrete reinforcing bars	Indonesia	06/28/00	A	A	A	A	05/25/01
731-TA-877	Steel concrete reinforcing bars	Korea	06/28/00	A	A	A	A	07/23/01
731-TA-878	Steel concrete reinforcing bars	Latvia	06/28/00	A	A	A	A	07/23/01
731-TA-879	Steel concrete reinforcing bars	Moldova	06/28/00	A	A	A	A	07/23/01
731-TA-880	Steel concrete reinforcing bars	Poland	06/28/00	A	A	A	A	05/25/01
731-TA-882	Steel concrete reinforcing bars	Ukraine	06/28/00	A	A	A	A	05/25/01
731-TA-888	Stainless steel angle	Japan	08/18/00	A	A	A	A	05/11/01
731-TA-889	Stainless steel angle	Korea	08/18/00	A	A	A	A	05/11/01
731-TA-890	Stainless steel angle	Spain	08/18/00	A	A	A	A	05/11/01
731-TA-891	Foundry coke	China	09/20/00	A	A	A	A	09/05/01
731-TA-892	Honey	Argentina	09/29/00	A	A	A	A	11/19/01
731-TA-893	Honey	China	09/29/00	A	A	A	A	11/19/01
731-TA-894	Ammonium nitrate	Ukraine	10/13/00	A	A	A	A	08/31/01
731-TA-895	Pure magnesium	China	10/17/00	A	A	A	A	11/13/01
731-TA-896	Pure magnesium	Israel	10/17/00	A	A	A	N	11/13/01
731-TA-897	Pure magnesium	Russia	10/17/00	A	N	N	([3])	09/27/01
731-TA-898	Hot-rolled carbon steel flat products	Argentina	11/13/00	A	A	A	A	08/27/01
731-TA-899	Hot-rolled carbon steel flat products	China	11/13/00	A	A	A	A	11/13/01
731-TA-900	Hot-rolled carbon steel flat products	India	11/13/00	A	A	A	A	11/13/01
731-TA-901	Hot-rolled carbon steel flat products	Indonesia	11/13/00	A	A	A	A	11/13/01
731-TA-902	Hot-rolled carbon steel flat products	Kazakhstan	11/13/00	A	A	A	A	11/13/01
731-TA-903	Hot-rolled carbon steel flat products	Netherlands	11/13/00	A	A	A	A	11/13/01
731-TA-904	Hot-rolled carbon steel flat products	Romania	11/13/00	A	A	A	A	11/13/01
731-TA-905	Hot-rolled carbon steel flat products	South Africa	11/13/00	A	A	A	A	08/27/01
731-TA-906	Hot-rolled carbon steel flat products	Taiwan	11/13/00	A	A	A	A	11/13/01
731-TA-907	Hot-rolled carbon steel flat products	Thailand	11/13/00	A	A	A	A	11/13/01
731-TA-908	Hot-rolled carbon steel flat products	Ukraine	11/13/00	A	A	A	A	11/13/01
731-TA-909	Low enriched uranium	France	12/07/00	A	A	A	([4])	([4])
731-TA-910	Low enriched uranium	Germany	12/07/00	A	N	N	([3])	12/21/01
731-TA-911	Low enriched uranium	Netherlands	12/07/00	A	N	N	([3])	12/21/01
731-TA-912	Low enriched uranium	United Kingdom	12/07/00	A	A	N	([3])	12/21/01

See footnotes at end of table.

Table A-25—*Continued*
Antidumping cases active in 2001, by USITC investigation numbers
(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-913	Stainless steel bar	France	12/28/00	A	A	(4)	(4)	(4)
731-TA-914	Stainless steel bar	Germany	12/28/00	A	A	(4)	(4)	(4)
731-TA-915	Stainless steel bar	Italy	12/28/00	A	A	(4)	(4)	(4)
731-TA-916	Stainless steel bar	Korea	12/28/00	A	A	(4)	(4)	(4)
731-TA-917	Stainless steel bar	Taiwan	12/28/00	A	N	(4)	(4)	(4)
731-TA-918	Stainless steel bar	United Kingdom	12/28/00	A	A	(4)	(4)	(4)
731-TA-919	Welded large diameter line pipe	Japan	01/10/01	A	A	A	A	10/25/01
731-TA-920	Welded large diameter line pipe	Mexico	01/10/01	A	A	(4)	(4)	(4)
731-TA-921	Folding gift boxes	China	02/20/01	A	A	A	A	12/21/01
731-TA-922	Automotive replacement glass windshields	China	02/28/01	A	A	(4)	(4)	(4)
731-TA-923	Oleoresin paprika	India	03/06/01	N	(3)	(3)	(3)	04/20/01
731-TA-924	Mussels	Canada	03/12/01	A	A	(4)	(4)	(4)
731-TA-925	Greenhouse tomatoes	Canada	03/28/01	A	A	(4)	(4)	(4)
731-TA-926	Spring table grapes	Chile	03/30/01	N	(3)	(3)	(3)	06/11/01
731-TA-927	Spring table grapes	Mexico	03/30/01	N	(3)	(3)	(3)	06/11/01
731-TA-928	Softwood lumber	Canada	04/02/01	A	A	(4)	(4)	(4)
731-TA-929	Silicomanganese	India	04/06/01	A	A	(4)	(4)	(4)
731-TA-930	Silicomanganese	Kazakhstan	04/06/01	A	A	(4)	(4)	(4)
731-TA-931	Silicomanganese	Venezuela	04/06/01	A	A	(4)	(4)	(4)
731-TA-932	Folding metal tables and chairs	China	04/27/01	A	A	(4)	(4)	(4)
731-TA-933	Polyethylene terephthalate film	India	05/17/01	A	A	(4)	(4)	(4)
731-TA-934	Polyethylene terephthalate film	Taiwan	05/17/01	A	A	(4)	(4)	(4)
731-TA-935	Structural steel beams	China	05/23/01	A	A	(4)	(4)	(4)
731-TA-936	Structural steel beams	Germany	05/23/01	A	A	(4)	(4)	(4)
731-TA-937	Structural steel beams	Italy	05/23/01	A	N	(4)	(4)	(4)
731-TA-938	Structural steel beams	Luxembourg	05/23/01	A	A	(4)	(4)	(4)
731-TA-939	Structural steel beams	Russia	05/23/01	A	A	(4)	(4)	(4)
731-TA-940	Structural steel beams	South Africa	05/23/01	A	A	(4)	(4)	(4)
731-TA-941	Structural steel beams	Spain	05/23/01	A	N	(4)	(4)	(4)
731-TA-942	Structural steel beams	Taiwan	05/23/01	A	A	(4)	(4)	(4)
731-TA-943	Circular welded non-alloy steel pipe	China	05/24/01	A	A	(4)	(4)	(4)
731-TA-944	Circular welded non-alloy steel pipe	Indonesia	05/24/01	N	(3)	(3)	(3)	07/09/01
731-TA-945	Circular welded non-alloy steel pipe	Malaysia	05/24/01	N	(3)	(3)	(3)	07/09/01
731-TA-946	Circular welded non-alloy steel pipe	Romania	05/24/01	N	(3)	(3)	(3)	07/09/01
731-TA-947	Circular welded non-alloy steel pipe	South Africa	05/24/01	N	(3)	(3)	(3)	07/09/01
731-TA-948	Individually quick frozen red raspberries	Chile	05/31/01	A	A	(4)	(4)	(4)
731-TA-949	Gum arabic	France	06/21/01	(5)	(5)	(5)	(5)	07/05/01
731-TA-950	Gum arabic	United Kingdom	06/21/01	(5)	(5)	(5)	(5)	07/05/01
731-TA-951	Blast furnace coke	China	06/29/01	N	(3)	(3)	(3)	08/13/01
731-TA-952	Blast furnace coke	Japan	06/29/01	N	(3)	(3)	(3)	08/13/01
731-TA-953	Carbon and certain alloy steel wire rod	Brazil	08/31/01	A	(4)	(4)	(4)	(4)

See footnotes at end of table.

Table A-25—*Continued*
Antidumping cases active in 2001, by USITC investigation numbers

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-954	Carbon and certain alloy steel wire rod	Canada	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-955	Carbon and certain alloy steel wire rod	Egypt	08/31/01	([6])	([3])	([3])	([3])	10/15/01
731-TA-956	Carbon and certain alloy steel wire rod	Germany	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-957	Carbon and certain alloy steel wire rod	Indonesia	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-958	Carbon and certain alloy steel wire rod	Mexico	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-959	Carbon and certain alloy steel wire rod	Moldova	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-960	Carbon and certain alloy steel wire rod	South Africa	08/31/01	([6])	([3])	([3])	([3])	10/15/01
731-TA-961	Carbon and certain alloy steel wire rod	Trinidad & Tobago	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-962	Carbon and certain alloy steel wire rod	Ukraine	08/31/01	A	([4])	([4])	([4])	([4])
731-TA-963	Carbon and certain alloy steel wire rod	Venezuela	08/31/01	([6])	([3])	([3])	([3])	10/15/01
731-TA-964	Cold-rolled steel products	Argentina	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-965	Cold-rolled steel products	Australia	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-966	Cold-rolled steel products	Belgium	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-967	Cold-rolled steel products	Brazil	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-968	Cold-rolled steel products	China	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-969	Cold-rolled steel products	France	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-970	Cold-rolled steel products	Germany	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-971	Cold-rolled steel products	India	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-972	Cold-rolled steel products	Japan	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-973	Cold-rolled steel products	Korea	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-974	Cold-rolled steel products	Netherlands	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-975	Cold-rolled steel products	New Zealand	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-976	Cold-rolled steel products	Russia	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-977	Cold-rolled steel products	South Africa	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-978	Cold-rolled steel products	Spain	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-979	Cold-rolled steel products	Sweden	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-980	Cold-rolled steel products	Taiwan	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-981	Cold-rolled steel products	Thailand	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-982	Cold-rolled steel products	Turkey	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-983	Cold-rolled steel products	Venezuela	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-984	Sulfanilic acid	Hungary	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-985	Sulfanilic acid	Portugal	09/28/01	A	([4])	([4])	([4])	([4])
731-TA-986	Ferrovanadium	China	11/26/01	([4])	([4])	([4])	([4])	([4])
731-TA-987	Ferrovanadium	South Africa	11/26/01	([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, 2001.
[5] The investigation was discontinued following withdrawal of the petition.
[6] The investigation was terminated because imports were found to be negligible.

Source: Compiled from data maintained by the Commission.

Table A-26
Antidumping duty orders in effect (264 total) as of December 31, 2001

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 19, 2001
Oil country tubular goods	Aug. 11, 1995
Seamless pipe	Aug. 3, 1995
Light-walled rectangular tube	May 26, 1989
Barbed wire and barbless wire strand	Nov. 13, 1985
Australia:	
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Bangladesh:	
Cotton shop towels	Mar. 20, 1992
Belarus:	
Steel concrete reinforcing bars	Sept. 7, 2001
Solid urea	July 14, 1987
Belgium:	
Stainless steel plate in coils	May 21, 1999
Carbon steel plate	Aug. 19, 1993
Sugar	June 13, 1979
Brazil:	
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:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Nov. 29, 2001
Pure magnesium (granular)	Nov. 19, 2001
Foundry coke	Sept. 17, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
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
Furfuryl alcohol	June 21, 1995
Pure magnesium (ingot)	May 12, 1995

See footnotes at end of table.

Table A-26–*Continued*
Antidumping duty orders in effect as of December 31, 2001

Country and commodity	Effective date of original action
China–*Continued*	
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
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:	
Hot-rolled carbon steel products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Stainless steel bar.	Feb. 21, 1995
Forged stainless steel flanges	Feb. 9, 1994

See footnotes at end of table.

Table A-26–c*ontinued*
Antidumping orders in effect as of December 31, 2001

Country and commodity	Effective date of original action
India—*Continued*	
Stainless steel wire rod	Dec. 1, 1993
Sulfanilic acid	Mar. 2, 1993
Welded carbon steel pipe	May 12, 1986
Indonesia:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Feb. 10, 2000
Extruded rubber thread	May 21, 1999
Preserved mushrooms	Feb. 19, 1999
Melamine institutional dinnerware	Feb. 25, 1997
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods.	Aug. 11, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 30, 1988
Brass sheet and strip	Mar. 6, 1987
Pressure sensitive plastic tape	Oct. 21, 1977
Japan:	
Welded large diameter line pipe	Dec. 6, 2001
Stainless steel angle	May 18, 2001
Tin mill products	Aug. 28, 2000
Large diameter seamless pipe	June 26, 2000
Small diameter seamless pipe	June 26, 2000
Structural steel beams	June 19, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Hot-rolled carbon steel flat products	June 29, 1999
Stainless steel wire rod	Sept. 15, 1998
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
Oil country tubular goods.	Aug. 11, 1995
Stainless steel bar.	Feb. 21, 1995
Grain-oriented silicon electrical steel	June 10, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Electroluminescent flat panel displays	Sept. 4, 1991
Gray portland cement and clinker	May 10, 1991
Industrial nitrocellulose	July 10, 1990
Mechanical transfer presses	Feb. 16, 1990
Drafting machines	Dec. 29, 1989
Ball bearings	May 15, 1989
Granular polytetrafluoroethylene resin	Aug. 24, 1988
Brass sheet and strip	Aug. 12, 1988
Internal combustion industrial forklift trucks	June 7, 1988
Stainless steel butt-weld pipe fittings	Mar. 25, 1988
Malleable cast iron pipe fittings	July 6, 1987
Carbon steel butt-weld pipe fittings	Feb. 10, 1987
Prestressed concrete steel wire strand	Dec. 8, 1978
Melamine	Feb. 2, 1977
Polychloroprene rubber	Dec. 6, 1973
Kazakhstan:	
Hot-rolled carbon steel flat products	Nov. 21, 2001

See footnotes at end of table.

Table A-26–*Continued*
Antidumping duty orders in effect as of December 31, 2001

Country and commodity	Effective date of original action
Korea:	
Steel concrete reinforcing bars	Sept. 7, 2001
Stainless steel angle	May 18, 2001
Structural steel beams	Aug. 18, 2000
Polyester staple fiber	May 25, 2000
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Oil country tubular goods	Aug. 11, 1995
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Stainless steel butt-weld pipe fittings	Feb. 23, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Polyethylene terephthalate (PET) film	June 5, 1991
Industrial nitrocellulose	July 10, 1990
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Malleable cast iron pipe fittings	May 23, 1986
Latvia:	
Steel concrete reinforcing bars	Sept. 7, 2001
Lithuania:	
Solid urea	July 14, 1987
Malaysia:	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
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
Moldova:	
Steel concrete reinforcing bars	Sept. 7, 2001
Netherlands:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Philippines:	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Poland:	
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Aug. 19, 1993
Romania:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Small diameter seamless pipe	Aug. 10, 2000
Carbon steel plate	Aug. 19, 1993
Solid urea	July 14, 1987
Russia:	
Ammonium nitrate (suspended)	May 19, 2000
Hot-rolled carbon steel flat products (suspended)	July 12, 1999
Carbon steel plate (suspended)	Oct. 24, 1997
Ferrovanadium and nitrided vanadium	July 10, 1995
Uranium (suspended)	Oct. 16, 1992
Solid urea	July 14, 1987
Singapore:	
Ball bearings	May 15, 1989
South Africa:	
Hot-rolled carbon steel flat products	Sept. 19, 2001
Small diameter seamless pipe	June 26, 2000
Stainless steel plate in coils	May 21, 1999
Carbon steel plate (suspended)	Oct. 24, 1997

See footnotes at end of table.

Table A-26–*Continued*
Antidumping duty orders in effect as of December 31, 2001

Country and commodity	Effective date of original action
Spain:	
Stainless steel angle	May 18, 2001
Stainless steel wire rod	Sept. 15, 1998
Stainless steel bar	Mar. 2, 1995
Carbon steel plate	Aug. 19, 1993
Sweden:	
Stainless steel wire rod	Sept. 15, 1998
Carbon steel plate	Aug. 19, 1993
Taiwan:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Polyester staple fiber	May 25, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Static random access memory semiconductors	Apr. 16, 1998
Collated roofing nails	Nov. 19, 1997
Melamine institutional dinnerware	Feb. 25, 1997
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:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Furfuryl alcohol	July 25, 1995
Canned pineapple	July 18, 1995
Carbon steel butt-weld pipe fittings	July 6, 1992
Welded carbon steel pipe	Mar. 11, 1986
Turkey:	
Steel concrete reinforcing bars	Apr. 17, 1997
Pasta	July 24, 1996
Aspirin	Aug. 25, 1987
Welded carbon steel pipe	May 15, 1986
Turkmenistan:	
Solid urea	July 14, 1987
Ukraine:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Ammonium nitrate	Sept. 12, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate (suspended)	Oct. 24, 1997
Silicomanganese	Oct. 31, 1994[1]
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

[1] Original suspension terminated and order issued Sept. 17, 2001.

Source: Compiled from data maintained by the Commission.

Table A-27
Countervailing duty cases active (25 total) in 2001, by USITC investigation numbers

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
701-TA-402	Honey	Argentina	09/29/00	A	A	A	A	11/19/01
701-TA-403	Pure magnesium	Israel	10/17/00	A	A	A	N	11/13/01
701-TA-404	Hot-rolled carbon steel flat products	Argentina	11/13/00	A	A	A	A	08/27/01
701-TA-405	Hot-rolled carbon steel flat products	India	11/13/00	A	A	A	A	11/13/01
701-TA-406	Hot-rolled carbon steel flat products	Indonesia	11/13/00	A	A	A	A	11/13/01
701-TA-407	Hot-rolled carbon steel flat products	South Africa	11/13/00	A	A	A	A	11/13/01
701-TA-408	Hot-rolled carbon steel flat products	Thailand	11/13/00	A	A	A	A	11/13/01
701-TA-409	Low enriched uranium	France	12/07/00	A	A	A	([3])	([3])
701-TA-410	Low enriched uranium	Germany	12/07/00	A	A	A	([3])	([3])
701-TA-411	Low enriched uranium	Netherlands	12/07/00	A	A	A	([3])	([3])
701-TA-412	Low enriched uranium	United Kingdom	12/07/00	A	A	A	([3])	([3])
701-TA-413	Stainless steel bar	Italy	12/28/00	A	A	([3])	([3])	([3])
701-TA-414	Softwood lumber	Canada	04/02/01	A	A	([3])	([3])	([3])
701-TA-415	Polyethylene terephthalate film	India	05/17/01	A	A	([3])	([3])	([3])
701-TA-416	Individually quick frozen red raspberries	Chile	05/31/01	A	N	([3])	([3])	([3])
701-TA-417	Carbon and certain alloy steel wire rod	Brazil	08/31/01	A	([3])	([3])	([3])	([3])
701-TA-418	Carbon and certain alloy steel wire rod	Canada	08/31/01	A	([3])	([3])	([3])	([3])
701-TA-419	Carbon and certain alloy steel wire rod	Germany	08/31/01	A	([3])	([3])	([3])	([3])
701-TA-420	Carbon and certain alloy steel wire rod	Trinidad & Tobago	08/31/01	A	([3])	([3])	([3])	([3])
701-TA-421	Carbon and certain alloy steel wire rod	Turkey	08/31/01	A	([3])	([3])	([3])	([3])
701-TA-422	Cold-rolled steel products	Argentina	09/28/01	A	([3])	([3])	([3])	([3])
701-TA-423	Cold-rolled steel products	Brazil	09/28/01	A	([3])	([3])	([3])	([3])
701-TA-424	Cold-rolled steel products	France	09/28/01	A	([3])	([3])	([3])	([3])
701-TA-425	Cold-rolled steel products	Korea	09/28/01	A	([3])	([3])	([3])	([3])
701-TA-426	Sulfanilic acid	Hungary	09/28/01	A	([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, 2001.

Source: Compiled from data maintained by the Commission.

Table A-28
Countervailing duty orders in effect (49 total) as of December 31, 2001

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 11, 2001
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
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:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Sulfanilic acid	Mar. 2, 1993
Indonesia:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods	Aug. 10, 1995
Grain-oriented silicon electrical steel	June 7, 1994
Korea:	
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:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Stainless steel plate in coils	May 11, 1999
Spain:	
Carbon steel plate	Aug. 17, 1993

See footnotes at end of table.

Table A-28—*Continued*
Countervailing duty orders in effect as of December 31, 2001

Country and commodity	Effective date of original action
Sweden:	
Carbon steel plate	Aug. 17, 1993
Taiwan:	
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Thailand:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
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 (29 total) in 2001, by date of completion

USITC investigation number	Product	Country of origin	Completion date	Action
731-TA-624	Helical spring lock washers	China	01/25/01	Continued
731-TA-625	Helical spring lock washers	Taiwan	01/25/01	Continued
731-TA-671	Silicomanganese	Brazil	01/25/01	Continued
731-TA-672	Silicomanganese	China	01/25/01	Continued
731-TA-673	Silicomanganese	Ukraine	01/25/01	Continued
731-TA-470	Silicon metal	Argentina	01/25/01	Revoked
731-TA-471	Silicon metal	Brazil	01/25/01	Continued
731-TA-472	Silicon metal	China	01/25/01	Continued
731-TA-683	Fresh garlic	China	02/21/01	Continued
731-TA-652	Aramid fiber	Netherlands	02/23/01	Revoked
731-TA-659	Grain-oriented silicon electrical steel	Italy	02/23/01	Continued
731-TA-660	Grain-oriented silicon electrical steel	Japan	02/23/01	Continued
731-TA-678	Stainless steel bar	Brazil	03/26/01	Continued
731-TA-679	Stainless steel bar	India	03/26/01	Continued
731-TA-681	Stainless steel bar	Japan	03/26/01	Continued
731-TA-682	Stainless steel bar	Spain	03/26/01	Continued
731-TA-703	Furfuryl alcohol	China	04/20/01	Continued
731-TA-705	Furfuryl alcohol	Thailand	04/20/01	Continued
731-TA-706	Canned pineapple	Thailand	05/08/01	Continued
731-TA-702	Ferrovanadium and nitrided vanadium	Russia	05/15/01	Continued
731-TA-707	Seamless pipe	Argentina	06/26/01	Continued
731-TA-708	Seamless pipe	Brazil	06/26/01	Continued
731-TA-709	Seamless pipe	Germany	06/26/01	Continued
731-TA-710	Seamless pipe	Italy	06/26/01	Revoked
731-TA-711	Oil country tubular goods	Argentina	06/28/01	Continued
731-TA-713	Oil country tubular goods	Italy	06/28/01	Continued
731-TA-714	Oil country tubular goods	Japan	06/28/01	Continued
731-TA-715	Oil country tubular goods	Korea	06/28/01	Continued
731-TA-716	Oil country tubular goods	Mexico	06/28/01	Continued

Source: Compiled from data maintained by the Commission.

Table A-30
Reviews of existing countervailing duty orders and suspension agreements completed (3 total) in 2001, by date of completion

USITC investigation number	Product	Country of origin	Completion date	Action
701-TA-355	Grain-oriented silicon electrical steel . . .	Italy	02/23/01	Continued
701-TA-362	Seamless pipe	Italy	06/26/01	Revoked
701-TA-364	Oil country tubular goods	Italy	06/28/01	Continued

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 2001 and those pending on Dec. 31, 2001[1]

Status of Investigation	Article	Country[2]	Commission determination
Completed:			
337-TA-395	Certain EPROM, EEPROM, Flash Memory, and Flash Microcontrol Semiconductor Devices, and Products Containing Same	Taiwan, Japan	Remand terminated based on finding of no violation.
337-TA-429	Certain Bar Clamps, Bar Clamp Pads, and Related Packaging, Display, and Other Materials	Germany	Terminated based on a settlement agreement.
337-TA-430	Certain Integrated Repeaters and Products Containing Same[2]	Taiwan	Issued limited exclusion order.
337-TA-434	Certain Magnetic Resonance Injection Systems and Components Thereof	Japan	Terminated based on a finding of no violation.
337-TA-435	Certain Integrated Repeaters, Switches, Transceivers, and Products Containing Same[2]	Taiwan	Issued limited exclusion order.
337-TA-436	Certain WAP-Compatible Wireless Japan Communication Devices, Components Thereof, and Products Containing Same	Japan	Terminated based on withdrawal of complaint.
337-TA-438	Certain Plastic Molding Machines With Control Systems Having Programmable Operator Interfaces Incorporating General Purpose Computers, and Components Thereof	Japan	Terminated based on a settlement agreement.
337-TA-440	Certain 4-Androstenediol	People's Republic of China	Issued limited exclusion order.
337-TA-441	Certain Field Programmable Gate Arrays and Products Containing Same	Philippines	Terminated based on a settlement agreement.
337-TA-442	Certain Closet Flange Rings	Taiwan	Terminated based on a finding of no violation.
337-TA-447	Certain Aerospace Rivets and Products Containing Same	France	Terminated based on a consent order.
337-TA-451	Certain CMOS Active Pixel Image Sensors and Products Containing Same	No foreign respondent	Terminated based on a settlement agreement.
337-TA-453	Certain Programmable Logic Devices and Products Containing Same	No foreign respondent	Terminated based on a settlement agreement.
Pending:			
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Modification proceeding pending before the Commission.

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 2001 and those pending on Dec. 31, 2001

Status of Investigation	Article	Country[2]	Commission determination
Pending:			
337-TA-406	Certain Lens-Fitted Film Packages	Hong Kong	Consolidated enforcement and advisory opinion proceeding pending before the ALJ.
337-TA-432	Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same	Japan	Pending before the Commission.
337-TA-439	Certain HSP Modems, Software and Hardware Components Thereof, and Products Containing Same	Israel	Pending before the Commission.
337-TA-443	Certain Flooring Products	Belgium, Germany, France	Pending before the Commission.
337-TA-444	Certain Semiconductor Light Emitting Devices, Components Thereof, and Products Containing Same	Japan	Pending before the ALJ.
337-TA-445	Certain Plasma Display Panels and Products Containing Same	Japan	Pending before the Commission.
337-TA-446	Certain Ink Jet Print Cartridges and Components Thereof	Taiwan	Pending before the ALJ.
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components and Nozzles	Taiwan, Israel, Germany	Pending before the Commission.
337-TA-449	Certain Abrasive Products Made Using a Process for Making Powder Preforms and Products Containing Same	Taiwan	Pending before the ALJ.
337-TA-450	Certain Integrated Circuits, Processes for Making Same, and Products Containing Same	Taiwan	Pending before the ALJ.
337-TA-452	Certain Personal Watercraft and Components Thereof	Canada	Pending before the ALJ.
337-TA-454	Certain Set-Top Boxes and Components Thereof	Japan	Pending before the ALJ.
337-TA-455	Certain Network Interface Cards and Access Points for Use in Direct Sequence Spread Spectrum Wireless Local Area Networks and Products Containing Same	Japan, Taiwan	Pending before the ALJ.
337-TA-456	Certain Gel-Filled Wrist Rests and Products Containing Same	Taiwan	Pending before the ALJ.

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 2001 and those pending on Dec. 31, 2001

Status of Investigation	Article	Country[2]	Commission determination
Pending:			
337-TA-457	Certain Polyethylene Terephthalate Yarn and Products Containing Same	Korea	Pending before the ALJ.
337-TA-458	Certain Digital Display Receivers and Products Containing Same Including Digital Controllers	Canada	Pending before the ALJ.
337-TA-459	Certain Garage Door Operators Including Components Thereof	Taiwan, Hong Kong, Canada	Pending before the ALJ.
337-TA-460	Certain Sortation Systems, Parts Thereof, and Products Containing Same	Netherlands	Pending before the ALJ.
337-TA-461	Certain Clay Target Throwing Machines and Component Parts Thereof	Sweden	Pending before the ALJ.
337-TA-462	Certain Plastic Molding Machines With Control Systems Having Programmable Operator Interface Incorporating General Purpose Computers, and Components Thereof	Germany, Italy, France	Pending before the ALJ.
337-TA-463	Certain Power-Saving Integrated Circuits and Products Containing Same[2]	No foreign respondent	Pending before the ALJ.
337-TA-464	Certain Video Cassette Devices and Television/Video Cassette Device Combinations and Methods of Using Same	Japan	Pending before the ALJ.
337-TA-465	Certain Semiconductor Timing Signal Generator Devices, Components Thereof, and Products Containing Same[4]	No foreign respondent	Pending before the ALJ.
337-TA-466	Certain Organizer Racks and Products Containing Same	Canada	Pending before the ALJ.

[1] This Table shows that there were 52 Section 337 investigations and related proceedings completed by the USITC during 2001 and pending on Dec. 31, 2001.

[2] This column lists the countries of the foreign respondents named in the investigation.

[3] Investigation No. 430 was consolidated with Investigation No. 435 by the ALJ. Only one limited exclusion order was issued in the consolidated investigation.

[4] Investigation No. 463 was consolidated with Investigation No. 465 by the ALJ.

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-32
Outstanding Section 337 exclusion orders as of Dec. 31, 2001[1]

Investigation No.	Article	Country[2]	Date patent expires[3]
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 Korea Nonpatent 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-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	Sept. 30, 2002[4]
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	Aug. 6, 2002 Sept. 24, 2002
337-TA-254	Certain Small Aluminum Flashlights and Components Thereof	Hong Kong, Taiwan	June 6, 2004[3]
337-TA-266	Certain Reclosable Plastic Bags and Tubing	Singapore, Taiwan, Korea, Thailand, Hong Kong	Nonpatent

See footnotes at end of table.

Table A-32—*Continued*
Outstanding Section 337 exclusion orders as of Dec. 31, 2001[1]

Investigation No.	Article	Country[2]	Date patent expires[3]
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Such Memories and Processes for Making Such Memories	Korea	June 17, 2002[3] June 7, 2005[4]
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Nonpatent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Nonpatent
337-TA-287	Certain Strip Lights	Taiwan	Nonpatent
337-TA-293	Certain Crystalline Cefadroxil Monohydrate	Italy, Spain, Switzerland	Mar. 12, 2002
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	Jan. 13, 2004 June 19, 2005[4]
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Jan. 31, 2003 Dec. 6, 2003[4] Jan. 27, 2004 Sept. 22, 2006[4]
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent June 22, 2006[4] July 22, 2006[4]
337-TA-320	Certain Rotary Printing Apparatus Using Heated France, Ink Composition, Components Thereof, and Systems Containing Said Apparatus and Components	Spain	Apr. 30, 2004[4]
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Oct. 22, 2006[3]
337-TA-333	Certain Woodworking Accessories	Taiwan	Mar. 2, 2008[3]
337-TA-334	Certain Condensers, Parts Thereof and Products Containing Same, Including Air Conditioners for Automobiles	Japan	Mar. 12, 2008
337-TA-360	Certain Devices For Connecting ComputersVia Telephone Lines	Taiwan	Feb. 13, 2007
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Aug. 21, 2007[3] Oct. 12, 2008[3]
337-TA-372	Certain Neodymium-Iron-Boron Magnets, Magnet	People's Republic of China, Hong Kong, Taiwan	May 20, 2005[3]
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	Jan. 22, 2008

See footnotes at end of table.

Table A-32—*Continued*
Outstanding Section 337 exclusion orders as of Dec. 31, 2001

Investigation No.	Article	Country[1]	Date patent expires[3]
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011[4]
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Oct. 5, 2008 Oct. 5, 2008 Oct. 5, 2008 Apr. 28, 2009 Apr. 28, 2009
337-TA-391	Certain Toothbrushes and the Packaging Thereof	People's Republic of China, Taiwan	Aug. 4, 2006
337-TA-406	Certain Lens-Fitted Film Packages	People's Republic of China, Hong Kong, Korea	May 23, 2006 Aug. 8, 2006 Nov. 28, 2006 Sept. 4, 2007 Sept. 4, 2007 Nov. 27, 2007 Apr. 5, 2008 Nov. 5, 2008 Mar. 7, 2009 Aug. 10, 2010 Aug. 13, 2010 Nov. 1, 2011 Jan. 10, 2012 Apr. 18, 2012 July 25, 2012
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	People's Republic of China, Taiwan	July 22, 2003 July 22, 2003 Feb. 7, 2006 July 25, 2006 June 7, 2015
337-TA-416	Certain Compact Multipurpose Tools	People's Republic of China, Taiwan	July 1, 2011 Oct. 21, 2011 Oct. 21, 2011 Oct. 21, 2011
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, And Components Thereof	Taiwan, People's Republic of China	May 31, 2008
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	Nonpatent
337-TA-430/435	Certain Integrated Repeaters, Switches, Transceivers, and Products Containing Same	Taiwan	April 21, 2015 April 13, 2016
337-TA-440	Certain 4-Androstenediol	People's Republic of China	July 13, 2018

See footnotes at end of table.

Table A-32—*Continued*
Outstanding Section 337 exclusion orders as of Dec. 31, 2001

Investigation No.	Article	Country[2]	Date patent expires[3]

[1] This table shows that there were 48 exclusion orders in effect as of Dec. 31, 2001.
[2] This column lists the countries of the foreign respondents named in the investigation.
[3] Multiple dates indicate the expiration dates of separate patents within the investigation.
[4] 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 2001
(1,000 dollars)

HTS Rank	HTS8	Description	Total U.S. imports for consumption	Imports of GSP: GSP eligible	Imports of GSP: GSP duty-free
1	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	30,083,076	2,919,443	2,707,022
2	7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	3,660,561	1,496,157	772,774
3	2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	795,078	658,149	375,289
4	2909.19.14	Methyl tertiary-butyl ether (MTBE)	1,369,451	310,990	278,718
5	7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	836,194	160,315	157,133
6	8708.70.45	Road wheels for motor vehicles	909,605	158,615	150,222
7	7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	771,350	197,811	142,406
8	6802.93.00	Monumental or building stone & arts. thereof, of granite, further worked than simply cut/sawn, nesoi	421,799	135,459	129,336
9	4823.59.40	Paper and paperboard of a kind used for writing, printing, or other graphic purposes, n.e.s.o.i.	538,219	129,450	128,035
10	7323.93.00	Stainless steel table, kitchen or other household articles and parts thereof	602,427	129,585	126,169
11	7615.19.30	Aluminum, cooking and kitchen ware, other than cast, enameled or glazed or containing nonstick interior finishes	282,785	126,789	125,095
12	8708.99.80	Parts and accessories n.e.s.o.i., of motor vehicles, n.e.s.o.i.	3,858,834	135,456	119,973
13	4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	415,860	148,934	118,340
14	7403.11.00	Cathodes and sections of cathodes, of refined copper	1,501,356	851,379	116,646
15	8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	4,684,352	520,443	115,909
16	1701.11.10	Raw sugar not containing added flavoring or coloring	412,984	331,020	110,893
17	8414.51.00	Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W	850,356	164,786	110,537
18	8708.39.50	Pts. & access. of mtr. vehicles of 8701, nesoi, and 8702-8705, brakes and servo-brakes & pts thereof (o/than mounted brake linings)	1,804,527	112,925	106,621
19	8708.99.67	Parts n.e.s.o.i. for power trains, for tractors and motor vehicles, including special purpose vehicles	2,051,770	145,257	97,136
20	7901.12.50	Zinc (o/than alloy), unwrought, o/than casting-grade zinc, containing at least 97.5% but less than 99.99% by wt. of zinc	267,701	100,787	96,938
		Total, above items	56,118,287	8,933,750	6,105,194
		Total, all other	1,072,609,234	15,827,639	9,619,746
		Total, all GSP items	1,128,727,521	24,761,388	15,724,939

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, 2001

(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	15,508	67	57
II	Vegetable products	12,677	912	229
III	Animal and vegetable fats, oils, and waxes	1,177	39	37
IV	Prepared foodstuffs; beverages, spirits; tobacco	21,510	1,650	806
V	Mineral products	113,676	3,128	2,831
VI	Chemical products	74,187	2,274	1,282
VII	Plastics and rubber	28,262	1,494	1,046
VIII	Raw hides and skins, leather, furskins; saddlery; handbags	8,555	580	307
IX	Wood; charcoal; cork ; straw and other plaiting materials	15,476	949	614
X	Wood pulp; paper and paperboard	21,172	397	352
XI	Textiles and textile articles	73,391	311	187
XII	Footwear, headgear, umbrellas; artificial flowers	17,951	66	56
XIII	Stone, plaster, cement, asbestos, ceramic and glass articles	11,419	857	688
XIV	Pearls, precious or semi-precious stones; imitation jewellery	26,038	2,219	1,232
XV	Base metals and articles of base metal	49,741	2,916	1,951
XVI	Machinery and appliances; electrical equipment	313,673	4,618	2,441
XVII	Vehicles, aircraft, vessels, transport equipment	184,415	1,056	897
XVIII	Optical, photographic, medical, and musical instruments ; clocks	38,834	705	316
XIX	Arms and ammunition; parts and accessories thereof	850	43	40
XX	Miscellaneous manufactured articles	46,222	480	358
XXI	Works of art, collectors' pieces and antiques	5,451	0	0
XXII	Special classification provisions	48,544	0	0
	Total, above items	1,128,728	24,761	15,525

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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	([1])	26,813	931,920
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	([1])	34,445	759,714
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	([1])	10,873	376,228
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	([1])	8,482	305,308
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	([1])	12,261	283,586
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	92,456	222,229	281,988
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	([1])	([1])	263,518
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	([1])	9,462	249,310
6212.10.90	Brassieres, not containing lace, net, or embroidery, not 70 percent or more silk, whether or not knitted or crocheted	392	6,603	221,991
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	231,678	223,464	211,637
6109.90.10	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of man-made fibers	([1])	7,595	209,080
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	([1])	3,436	195,541
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	173,217	159,702	185,193
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	([1])	4,040	149,340
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	106,092	113,889	133,697
1701.11.10	Raw sugar not containing added flavoring or coloring	156,758	134,009	117,133
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15	77,027	97,547	114,444
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	([1])	2,430	111,888
6204.63.35	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	([1])	2,318	95,555
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	([1])	2,356	75,312
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	([1])	([1])	75,180
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.	([1])	([1])	73,924
7213.91.30	Bars and rods, hot-rolled, not tempered or treated, of iron or nonalloy steel	77,229	63,782	73,164
8536.20.00	Automatic circuit breakers, for a voltage not exceeding 1,000 volts	75,099	74,016	70,315
6210.10.50	Other nonwoven disposable apparel designed for use in hospitals	32,249	55,844	66,550
	Subtotal	1,022,198	1,275,597	5,631,515
	All other	1,615,006	1,518,578	2,676,656
	Total	2,637,204	2,794,174	8,308,171

[1] Not applicable.

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 provisions, by source, 1997-2001

(*1,000 dollars*)

Rank	Source	1997	1998	1999	2000	2001
1	Dominican Republic	1,136,523	1,294,533	820,270	852,294	2,363,324
2	Honduras	263,814	236,073	180,152	252,149	1,670,844
3	Costa Rica	746,470	756,579	683,017	617,142	1,011,454
4	El Salvador	81,799	50,206	59,051	71,565	1,008,274
5	Trinidad and Tobago	226,244	186,219	217,857	329,471	753,448
6	Guatemala	270,268	268,869	285,349	264,630	744,157
7	Jamaica	74,515	102,178	89,593	89,459	195,207
8	Haiti	31,194	28,167	21,914	25,160	158,698
9	Nicaragua	135,362	72,701	50,556	57,555	147,887
10	Bahamas	25,132	34,914	56,018	74,451	75,811
11	Belize	34,710	19,706	23,057	32,360	48,519
12	Panama	81,064	77,453	45,962	42,639	42,254
13	St Kitts-Nevis	24,636	25,428	25,617	27,613	29,490
14	Guyana	28,512	24,617	14,706	17,143	23,769
15	Barbados	24,983	20,392	24,632	10,441	12,002
16	Grenada	4,071	8,242	11,486	16,702	7,265
17	St. Lucia	5,263	7,802	9,249	7,471	7,225
18	Netherlands Antilles	3,862	2,775	1,612	3,624	6,043
19	St Vincent and Grenadines	2,373	3,532	7,195	1,947	2,223
20	Antigua	522	214	22	4	152
21	Dominica	1,557	1,858	9,497	196	80
22	Aruba	166	1,779	19	128	22
23	British Virgin Islands	262	333	364	31	21
24	Montserrat	4,679	([1])	6	([1])	([1])
	Total	3,207,981	3,224,570	2,637,204	2,794,174	8,308,171

[1] Not applicable.

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

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

Table A-37
U.S. imports for consumption under ATPA provisions, by sources, 1999-2001

(*1,000 dollars*)

Rank	Source	1999	2000	2001
1	Colombia	797,305	826,559	717,966
2	Peru	631,180	846,014	686,341
3	Ecuador	260,301	247,595	216,300
4	Bolivia	61,492	61,464	53,999
	Total	1,750,279	1,981,632	1,674,607

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, 1999-2001

(1,000 dollars)

HTS No.	Description	1999	2000	2001
7403.11.00	Cathodes and sections of cathodes, of refined copper	323,788	565,651	429,379
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	160,939	199,393	194,628
0603.10.60	Roses, fresh cut	182,878	192,420	180,283
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	137,925	121,311	92,342
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	74,569	91,947	85,244
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	59,352	64,663	78,685
7113.19.10	Rope and chain for jewelry, of precious metal except silver	63,099	44,860	29,560
0709.20.90	Asparagus, fresh or chilled, not reduced in size, not entered Sept. 15-Nov. 15	26,605	33,412	28,261
1701.11.10	Raw sugar not containing added flavoring or coloring	399	21,847	26,818
7901.11.00	Zinc, not alloyed, unwrought, containing 99.99% or more by weight of zinc	52,001	49,032	26,637
1604.14.40	Tuna and skipjack, not in airtight containers	83,054	74,620	26,505
0603.10.30	Miniature (spray) carnations, fresh cut	40,523	33,673	24,584
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	25,337	18,302	24,449
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	22,837	20,532
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	19,214	20,530	17,742
0709.20.10	Asparagus, fresh or chilled, not reduced in size, entered Sept. 15-Nov. 15	13,553	9,991	15,239
2402.20.80	Cigarettes containing tobacco but not clove, paper-wrapped	0	937	13,781
7306.20.60	Iron/nonalloy steel tubing, used in oil or gas drilling, seamed or welded, external diameter 406.4 mm or less, of other than circular cross section	4,036	13,331	13,515
4421.90.98	Articles of wood, including pencil slats and others	15,140	12,927	12,689
0703.10.40	Onions, other than onion sets or pearl onions not over 16 mm in diameter, and shallots, fresh or chilled	10,234	4,285	11,131
7113.19.21	Rope necklaces and neck chains of gold	12,949	20,700	10,005
1704.90.35	Confections ready for consumption	9,037	9,971	9,714
4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	9,637	10,532	9,039
4202.91.00	Leather golf bags, travel bags, sports bags, and cases	9,378	9,991	8,105
6908.90.00	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i.	6,994	8,392	7,209
	Subtotal	1,340,641	1,655,554	1,396,077
	All other	409,638	326,078	278,530
	Total	1,750,279	1,981,632	1,674,607

Note.—Because of rounding, figures may not add to totals shown. The abbreviation “n.e.s.o.i.” stands for “not elsewhere specified or included”.

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

Table A-39
U.S. imports for consumption of leading imports under AGOA for 2001

(*1,000 dollars*)

HTS No. Description	Description	2,001
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	6,531,839
8703.24.00	Other passenger motor vehicles, with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over 3,000 cc	232,277
2710.00.05	Distillate and residual fuel oils (including blends) derived from bituminous minerals, testing under 25 degrees A.P.I.	203,751
6204.62.40	Women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi	98,517
6203.42.40	Men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc	82,361
6110.20.20	Sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi	61,964
2710.00.25	Naphthas, except motor fuel/blending stock, derived in excess of 70 percent from bituminous minerals	45,834
7202.11.50	Ferromanganese containing by weight more than 4 percent of carbon	28,058
2710.00.10	Distillate and residual fuel oils, including blends, derived from bituminous minerals, testing 25 degrees A.P.I. or more	19,798
6110.10.10	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, wholly of cashmere	19,072
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I	16,694
0805.10.00	Oranges, fresh or dried	14,490
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	13,823
2207.10.60	Undenatured ethyl alcohol of 80 percent vol. alcohol or higher, for nonbeverage purposes	11,392
7210.49.00	Iron or nonalloy steel, width over 600 mm, flat-rolled, non-electrolytically zinc plated or coated, not corrugated	10,881
2710.00.45	Other mixtures of hydrocarbons, derived in excess of 70 percent from bituminous minerals	9,506
7209.17.00	Iron or nonalloy steel, width over 600 mm, cold-, flat-rolled, in coils, 0.5-1 mm thick, not clad, plated, or coated	9,500
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	9,058
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i	8,216
6104.62.20	Women's or girls' trousers, breeches and shorts, knitted or crocheted, of cotton	7,453
0802.90.98	Nuts, fresh or dried, shelled, n.e.s.o.i.	7,320
7209.16.00	Iron or nonalloy steel, width over 600 mm, cold-, flat-rolled, in coils, 1-3 mm thick, not clad, plated, or coated	7,251
2401.20.85	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf , described in addl US note 5 to chap 24	6,736
6103.42.10	Men's and boys' trousers, breeches and shorts, knitted or crocheted, of cotton	6,617

See footnotes at end of table.

Table A-39—*Continued*
U.S. imports for consumption of leading imports under AGOA for 2001

(*1,000 dollars*)

HTS No. Description	Description	2,001
7207.12.00	Iron or nonalloy steel semifinished products, less than 0.25% carbon, of non-square rectangular cross section, n.e.s.o.i	5,995
	Subtotal	7,468,402
	All Other	110,755
	Total of all commodities	7,579,158

[1] The first U.S. imports entered the United States under the AGOA in January 2001.

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-40
U.S. imports for consumption under AGOA, by sources, 2001

(*1,000 dollars*)

Rank	Source	2001
1	Nigeria	5,688,102
2	Gabon	938,695
3	South Africa	417,256
4	Lesotho	129,523
5	Congo (ROC)	128,746
6	Madagascar	92,145
7	Kenya	55,090
8	Mauritius	38,899
9	Cameroon	36,731
10	Ghana	33,092
11	Malawi	12,057
12	Swaziland	8,314
13	Rwanda	265
14	Ethiopia	215
15	Tanzania	16
16	Zambia	10
	Total	7,579,158

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

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