United States International Trade Commission

THE YEAR IN TRADE 2002

Operation of the Trade Agreements Program

54TH REPORT

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U.S. International Trade Commission

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List of Frequently Used Abbreviations and Acronyms

AD	Antidumping
AGOA	African Growth and Opportunity Act
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ATPA	Andean Trade Preference Act
ATPDEA	Andean Trade Promotion and Drug Eradication Act
CBERA	Caribbean Basin Economic Recovery Act
CBTPA	Caribbean Basin Trade Partnership Act
CTS	Council for Trade in Services
CVD	Countervailing Duty
DSB	Dispute Settlement Body
EU	European Union
FSC	Foreign Sales Corporation
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
FY	Fiscal Year
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
HFCS	High Fructose Corn Syrup
HTS	Harmonized Tariff Schedule of the United States
IMF	International Monetary Fund
IPR	Intellectual Property Rights
LTFV	Less Than Fair Value
NAFTA	North American Free Trade Agreement
NTR	Normal Trade Relations
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
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
USITC	United States 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 54th 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 2002. The report also serves as a historical record of the major trade-related activities of the United States to be used as a general reference by government officials and others with an interest in U.S. trade relations. The trade agreements program includes "all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution" and congressional legislation.[2]

Chapter 1 summarizes selected trade events and trade agreements activities during the year, discussed in more detail elsewhere in the report, and provides an overview of the economic environment in 2002. Chapter 2 discusses the administration of U.S. trade laws and regulations. Chapter 3 focuses on the activities of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia Pacific Economic Cooperation (APEC) forum. Chapter 4 discusses free trade agreements (FTAs) in which the United States participated during 2002. This chapter covers three operative FTAs, the U.S.-Israel FTA, the U.S.-Jordan FTA, and the North American Free Trade Agreement (NAFTA); bilateral FTA negotiations with Chile and Singapore; and ongoing negotiations for the Free Trade Area of the Americas (FTAA). Chapter 5 focuses on 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. The final section of the report contains a statistical appendix.

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

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

Summary of Trade Agreements Activities in 2002

U.S. trade agreements activities in 2002 included the administration of U.S. trade laws and regulations; U.S. participation in the WTO, the OECD, and APEC; participation in NAFTA and in FTAs with Israel and Jordan; FTA negotiations with Chile and Singapore and negotiations for the FTAA; Congressional notifications of intent to negotiate FTAs with the countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua), Morocco, the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland), and Australia; and bilateral developments with major trading partners. Highlights of key trade agreements activities, some of which are discussed in more detail throughout the report, are presented in table 1-1.

Administration of U.S. Trade Laws and Regulations

The following developments in U.S. trade programs occurred during the year 2002:

- In March 2002, the President imposed one new safeguard measure, on certain steel products, under the U.S. global action safeguard law (section 201) after the Commission completed its investigation in December 2001. At the end of 2002, the United States had two global safeguard measures in place, on imports of steel wire rod and welded line pipe; both measures were terminated on March 1, 2003. The Commission instituted two new safeguard investigations during 2002, both under the China safeguard law (section 421), on imports of pedestal actuators and certain steel wire garment hangers. After the Commission provided an affirmative determination and remedy recommendation on pedestal actuators in November 2002, the President determined on January 17, 2003, that import relief was not in the national economic interest and that he would not provide relief. The investigation on certain steel wire garment hangers was in progress at the end of 2002.
- The U.S. Department of Labor instituted 2,378 Trade Adjustment Assistance (TAA) investigations during FY 2002. The FY 2002 figure represents an increase from the 2,352 TAA petitions instituted in FY 2001. During FY 2002, 2,788 certifications were issued covering 339,310 workers. In addition, 2,347 petitions were filed under the U.S. NAFTA transitional adjustment assistance program for workers, nearly double the number of petitions during the previous fiscal year. During FY 2002, 748 certifications were issued, covering 112,281 workers. The U.S. Department of Commerce certified 170 firms as eligible to apply for TAA during FY 2002, a slight decrease from the number in FY 2001.
- Following final affirmative determinations by the Commission and the U.S. Department of Commerce, 26 new antidumping duty orders and 10 new countervailing duty orders were issued in 2002.

Table 1-1
Summary of 2002 Trade Agreements Activities

Date	Event
January	
1	Chinese Taipei (Taiwan) accedes to the World Trade Organization (WTO).
14	The WTO Appellate Body upholds the original panel findings that the Foreign Sales Corporation (FSC) Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI) violates U.S. WTO obligations.
29	President Bush notifies Congress of his intent to enter into bilateral free trade agreements with Chile and Singapore. Notifications received by Congress the following day, starting the countdown for when the agreements could be signed.
February	
13	The United States requests the formation of a WTO dispute panel to review certain Mexican telecommunications practices that conflict with Mexico's obligations to the WTO.
13	The United States requests WTO arbitrator to reduce the amount of trade damages in the FSC/ETI dispute with the EU from $4.043 billion to $956 million.
13	The United States announces a program to provide increased market access for approximately $142 million in Pakistani apparel products by increasing Pakistan's apparel quotas.
13	United States announces decision to defer collection of tariffs on certain exports of Andean nations for 90 days for national security reasons while Congress works to renew Andean Trade Preference Act (ATPA).
16	United States Trade Representative (USTR) Robert Zoellick announces that the United States is providing $8.7 million in support of three new trade capacity building initiatives for the Southern Africa Development Community region.
March	
5	President Bush announces decision to impose temporary safeguard measures (increased tariffs or tariff-rate quotas) effective March 20 on key steel products in response to the large influx of foreign steel.
26	Department of Commerce announces that it is revoking Kazakhstan's non-market economy status under the U.S. antidumping law.
April	
1	United States announces that Russia has agreed to remove its import ban on U.S. poultry following the signing of a protocol on March 31, 2002.
3	United States and Mexico sign Memorandum of Understanding establishing a Consultative Committee on Agriculture to strengthen bilateral cooperation on agricultural trade issues.
15	A North American Free Trade Agreement (NAFTA) dispute panel orders Mexico to eliminate antidumping duties on high-fructose corn syrup within 30 days.
24	United States signs a Trade and Investment Framework Agreement with eight West African nations (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo) to promote trade, investment, and economic reforms in the region.

Table 1-1—*Continued*
Summary of 2002 Trade Agreements Activities

Date	Event
May	
1	USTR announces the results of the 2003 "Special 301" annual review examining the adequacy and effectiveness of intellectual property protection in a number of countries. As a result of the review, Ukraine was the only country designated a "Priority Foreign Country" and was subject to $75 million worth of sanctions on Ukrainian products.
15	Free Trade Area of the Americas (FTAA) market access negotiations begin.
20	In compliance with a NAFTA dispute panel's ruling in April, Mexico revokes antidumping duties on high-fructose corn syrup.
June	
6	Commerce Department announces that it will grant Russia market economy status for the purpose of U.S. trade laws, retroactive to April 1, 2002.
July	
16	First shipment of California table grapes arrives in Australia following Australia's decision to lift a 10-year old sanitary and phytosanitary ban on such imports.
25	United States and Sri Lanka sign Trade and Investment Framework Agreement. United States tables proposal on agricultural trade liberalization in the WTO.
29	United States and Korea announce that they have resolved a 2-year-old WTO dispute over U.S. tariffs on circular line pipe imports from Korea.
August	
6	President Bush signs into law the Trade Act of 2002. Among other things, the Act extends Trade Promotion Authority to the President for the negotiation of new trade agreements, renews and expands ATPA with the Andean Trade Promotion and Drug Eradication Act (ATPDEA); modifies and expands the African Growth and Opportunity Act (AGOA); and extends the U.S. Generalized System of Preferences (GSP) program until 2007.
22	President Bush notifies Congress of his intention to initiate FTA negotiations with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and to initiate FTA negotiations with Morocco.
30	WTO arbitrator authorizes the EU to impose up to 100 percent ad valorem duties on U.S. products to a maximum amount of $4.043 billion per year as compensation in the FSC/ETI dispute.
September	
9	President Bush and other APEC leaders announce the "Secure Trade in the APEC Region" (STAR) initiative to enhance security while increasing trade among APEC countries.

Table 1-1—*Continued*
Summary of 2002 Trade Agreements Activities

Date	Event
October	
23	United States and Thailand sign Bilateral Trade and Investment Framework Agreement.
26	President Bush announces the Enterprise for Association for Southeast Asian Nations (ASEAN) Initiative to promote stability and development in the Southeast Asian region by offering the prospect of bilateral free trade agreements between the United States and ASEAN countries that are committed to economic reforms and openness.
31	President Bush designates all four ATPA beneficiary countries (Bolivia, Colombia, Ecuador, and Peru) as ATPDEA beneficiary countries, making them eligible for ATPDEA trade preferences.
November	
1	FTAA meeting of trade ministers in Quito, Ecuador. Revised draft text of the FTAA agreement released.
5	President Bush notifies Congress of his intention to initiate FTA negotiations with members of the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland).
12	United States and EU agree to maintain the current system for U.S. exports of wheat and feed grains allowing U.S. exports, valued at about $400 million annually, guaranteed access at zero or very low duties.
13	President Bush notifies Congress of his intention to initiate FTA negotiations with Australia.
19	The United States and Russia sign an amendment to the U.S.-Russia Comprehensive Agreement on Steel that allows steel producers to fully utilize the slab quota provided for under the United States 201 safeguard measure enacted by President Bush in March 2002 .
26	United States proposes that WTO work to eliminate tariffs on industrial and consumer goods by 2015.
December	
11	USTR announces that the United States and Chile have successfully concluded negotiations for a U.S.-Chile FTA.
31	President Bush designates 38 sub-Saharan African countries as eligible for AGOA benefits.

Sources: Compiled by the Commission from *Bureau of National Affairs*, *International Trade Daily*, *Inside U.S. Trade*, and press articles including Office of the U.S. Trade Representative, U.S. Department of Commerce, and White House press releases.

- The Commission's section 337 caseload continued to be dominated by investigations involving complex technologies, particularly in the computer and telecommunications field. During 2002, there were 44 active section 337 investigations and ancillary proceedings, 19 of which were instituted in 2002. The Commission completed 26 investigations and ancillary proceedings under section 337, including one modification proceeding relating to a

previously concluded investigation. Five exclusion orders and four cease-and-desist orders were issued during 2002.

- In 2002, the active cases under the section 301 law concerned the EU meat hormone directive, practices of the Canadian Wheat Board, and intellectual property protection in Ukraine.
- The U.S. Generalized System of Preferences (GSP) program expired in September 2001, but was renewed retroactively through December 31, 2006, by the Trade Act of 2002. On August 28, 2002, USTR announced a Special Review of product petitions for Argentina, the Philippines, and Turkey.
- The Andean Trade Preference Act (ATPA) expired in December 2001 but was renewed retroactively under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), part of the Trade Act of 2002. ATPDEA amended ATPA to provide duty-free treatment for certain products previously excluded from ATPA, including certain textiles and apparel, footwear, petroleum and petroleum derivatives, watches and watch parts, and certain tuna packaged in foil or other flexible airtight packages.
- The Trade Act of 2002 included many enhancements to the original African Growth and Opportunity Act and expanded preferential access for apparel imports from designated sub-Saharan African beneficiaries. The Trade Act of 2002 also amended the Caribbean Basin Economic Recovery Act to modify the type and quantity of textile and apparel articles eligible for the preferential tariff treatment accorded to designated Caribbean Basin Trade Partnership Act beneficiaries.

World Trade Organization

In 2002, developments in the WTO centered around organizing and commencing work toward multilateral trade negotiations initiated in November 2001 on a broad range of subjects—the Doha Development Agenda. Negotiations are scheduled to be completed by January 1, 2005. At the December 2002 meeting of the Trade Negotiations Committee (TNC), the WTO Director-General concluded that the committees working on implementation-related issues and concerns mandated by the ministerial decision at Doha in 2001 had not yet reached agreement on definitive solutions for most of the outstanding issues.

Negotiations on services and agriculture, underway since February and March 2000, respectively, have completed the presentation and discussion of initial proposals. In services, market-access negotiations progressed quickly during 2002, but achieved uneven progress across various issues. Submissions on trade in services from the United States and China, among others, provided a basis for discussions during 2002. In agriculture, negotiators set out in March 2002 to agree on a first draft of common modalities for further negotiations, but failed to reach such a set by the scheduled deadline of March 31, 2003.

Market access negotiations began in April 2002. By the end of 2002, a number of proposals had been received from which approximately 18 individual issues had been identified: product coverage; elimination of tariffs; core modality and supplementary approaches; elimination of low/nuisance duties; tariff peaks; tariff escalation and high tariffs; bindings/binding coverage; binding overhang; base rates; base year; nomenclature; implementation periods and staging; credit for autonomous liberalization; non-ad valorem duties; simplification of tariff structures; export taxes; initial negotiating rights; and erosion of preferential margins.

Negotiations on intellectual property began in early 2002, under a mandate to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by September 2003. By the end of 2002, discussions had been held concerning definitions, eligibility, and procedures for a system of notification and registration. However, significant differences remained by the end of 2002, largely reflecting differences between the United States and the EU on how such a system should operate.

Negotiations on rules began in February 2002 with the mandate to work to clarify and improve disciplines concerning antidumping and subsidies as well as provisions on regional trade agreements. A total of 64 submissions were made concerning these subject areas. There was significant progress in identifying a range of issues, although issue identification was limited regarding multilateral disciplines on subsidies.

Dr. Supachai Panitchpakdi became Director-General on September 1, 2002. Michael Moore, the previous Director-General, became the chairman of the TNC until January 1, 2005. Taiwan (Chinese Taipei) became the 144th WTO member on January 1, 2002. Armenia became the 145th member on February 5, 2003, and the Former Yugoslav Republic of Macedonia became the 146th member on April 4, 2003.

A total of 34 WTO dispute-settlement consultations were held during 2002, which resulted in 17 dispute panels being established during the year. Eight of the panels established in 2002 involved cases brought against the United States regarding definitive safeguard measures on imports of certain steel products by Brazil, China, the EU, Japan, Korea, New Zealand, Norway, and Switzerland.

Organization for Economic Cooperation and Development

In 2002, the Trade Committee of the OECD focused its efforts primarily on issues providing support for the WTO Doha round of multilateral trade negotiations. The OECD published the findings of a major study on "Regional Trade Agreements and the Multilateral Trading System" at the end of 2002. The study found that regional trade agreements often exceed the disciplines of the WTO multilateral trade system. Other topics addressed by the OECD in 2002 included: different approaches between trade and competition policy and ways to address transparency, nondiscrimination, and

procedural fairness; monitoring and enforcement of the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; ways to better integrate nonmember countries into the multilateral trading system; trade and the environment; export credits; investment guidelines for multinational enterprises; core international labor standards; improvements in domestic regulatory governance through country reviews; and ways to reduce or eliminate trade-distorting subsidies in steel.

Asia Pacific Economic Cooperation

At their 2002 meeting, APEC leaders issued a statement condemning terrorist attacks in Bali, the Philippines, and Russia, and pledged to prevent terrorism from undermining their goal of freer and more open trade. APEC launched the Secure Trade in the APEC Region (STAR) program to enhance security and promote increased trade. APEC leaders pledged to continue their efforts to liberalize trade at the multilateral level by issuing a firm statement of support for the Doha round of trade talks. They also endorsed the APEC Trade Facilitation Action Plan, which is designed to reduce transaction costs in the APEC region by streamlining customs procedures and making them more transparent.

U.S. Free Trade Agreements

The United States participated in three operative free trade agreements (FTAs) as of December 31, 2002—the U.S.-Israel FTA implemented in 1985, the U.S.-Jordan FTA implemented in 2000, and the North American Free Trade Agreement (NAFTA) implemented in 1994. The United States and Chile successfully concluded FTA negotiations in late 2002. During 2002, the United States continued separate negotiations with Singapore as well as with the 33 other democratic countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas (FTAA). Also during 2002, the United States announced its intention to launch FTA negotiations with Australia; five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua); Morocco; the countries of the South African Customs Union (South Africa, Botswana, Lesotho, Namibia, and Swaziland); and Bahrain.

U.S.-Israel FTA

The 1985 U.S.-Israel FTA called for phased tariff reductions culminating in the elimination of duties on eligible products by 1995, although some tariffs and nontariff barriers remained with respect to certain agricultural and food products. The United States and Israel signed a 5-year Agreement on Trade in Agricultural Products (ATAP) in 1996 to provide gradual and steady market access liberalization for agricultural and food products. ATAP was scheduled to remain operative through December 31,

2001, but was extended through 2002. During 2002, the United States and Israel conducted bilateral negotiations for, but did not complete, a new agreement to replace ATAP.

U.S.-Jordan FTA

The U.S.-Jordan FTA entered into force on December 17, 2001.The agreement eliminates duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan and includes, for the first time ever in the text of a U.S. trade agreement, provisions addressing the issues of trade and the environment, trade and labor, and electronic commerce. Other provisions address intellectual property rights protection, balance of payments, rules of origin, safeguards, and procedural matters such as consultations and dispute settlement.

North American Free Trade Agreement

On January 1, 2002, the NAFTA partners implemented accelerated tariff eliminations on $25 billion worth of trade. The United States eliminated tariffs on some rubber and plastic footwear items from Mexico; Mexico eliminated tariffs on goods listed under motor vehicles, electrical and electronic goods, toys, and chemicals. Trade ministers of the United States, Canada, and Mexico held their annual NAFTA meeting in Puerta Vallarta, Mexico on May 28, 2002. The ministers reviewed the operation of Chapter 11 dispute resolution, and expressed their support for further regional and multilateral trade liberalization, committing themselves to achieving significant progress in the upcoming WTO negotiations and in the creation of a Free Trade Area of the Americas. The Commission for Environmental Cooperation distributed 16 research grants totaling $400,000 in 2002. Nine NAFTA Chapter 19 binational panels issued decisions in 2002 involving determinations by all three NAFTA countries. On December 6, 2002 the original signatories of NAFTA—former U.S. President George H. W. Bush, former Canadian Prime Minister Brian Mulroney, and former Mexican President Carlos Salinas de Gortari—met in Washington D.C. to celebrate the tenth anniversary of the signing of NAFTA.

U.S.-Chile FTA

The U.S.-Chile FTA negotiations were begun on November 29, 2000. A series of 14 negotiating sessions were held until USTR announced that the United States and Chile had successfully concluded negotiations for the agreement on December 11, 2002. President Bush notified Congress of his intent to enter into the U.S.-Chile FTA on January 29, 2003. The two countries signed the agreement on June 6, 2003.

U.S.-Singapore FTA

On November 19, 2002, USTR announced that the United States and Singapore had reached an agreement in substance, and on January 15, 2003, USTR announced that

the United States and Singapore had successfully concluded negotiations for the agreement. President Bush notified Congress of his intent to enter into the U.S.-Singapore FTA on January 29, 2003. President Bush and Singapore Prime Minister Chok Tong Goh signed the U.S.-Singapore FTA on May 6, 2003.

Free Trade Area of the Americas

In an effort to unite the economies of the Western Hemisphere into a single free trade agreement, the United States and the 33 other democratic nations of the hemisphere launched FTAA negotiations in April 1998. Their goal is to conclude negotiations by January 2005, and to seek entry into force of the FTAA as soon as possible thereafter, no later than December 2005.

Market access negotiations for the Free Trade Area of the Americas (FTAA) commenced on May 15, 2002. A revised draft text of the FTAA agreement was released on November 1, 2002. At their seventh meeting, held that month in Quito, Ecuador, the FTAA trade ministers reviewed progress in the FTAA negotiations and established guidelines for the next phase of these negotiations.

Bilateral Trade Relations

European Union

The U.S.-EU trade agenda was marked by increasing tensions during 2002 as several important trade disputes remained unresolved by year-end. A WTO dispute-settlement process continued during the year in response to an EU complaint that U.S. special tax treatment of foreign sales corporations (FSCs) constitutes a prohibited export subsidy. The United States repealed the FSC rules and enacted the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (the ETI Act), but the WTO and Appellate Body also found the ETI Act to be WTO-inconsistent. On August 30, 2002, the WTO Arbitrator authorized the EU to impose countermeasures valued at over $4 billion on U.S. exports.

The EU's de facto moratorium on agricultural biotechnology approvals continued during 2002, disrupting U.S. exports of corn during the year and threatening to seriously burden future U.S. exports of agricultural and food products. In addition, proposed new regulations on traceability and labeling as well as for genetically modified food and feed also progressed through the EU legislative process.

Canada

The U.S.-Canada bilateral trading relationship is largely governed by NAFTA. The major bilateral trade-related issue in 2002 remained softwood lumber, as the bilateral agreement governing trade in that sector expired in early 2001.

During 2002, the U.S. Department of Commerce issued countervailing duty and antidumping duty orders with respect to certain softwood lumber from Canada following final affirmative determinations in March and April 2002 of subsidies and dumping by the Department of Commerce, and final determinations in May 2002 by the USITC that the domestic industry was threatened with material injury by reason of the subject imports. Canada sought review of these determinations by both WTO and NAFTA panels, and at year-end 2002 the matters were pending . During 2002, a WTO panel also ruled on a request filed by Canada in 2001 challenging Commerce's preliminary subsidy determination. Neither country appealed the ruling, and it was adopted by the WTO Dispute Settlement Body in November 2002.

Mexico

The U.S.-Mexico bilateral trading relationship is largely governed by NAFTA. U.S. agricultural exports to Mexico, and their perceived adverse effects on Mexican farming interests, were in the forefront of U.S.-Mexican trade relations during 2002. During that year and continuing into 2003, Mexican farmers staged protests calling for the suspension or renegotiation of NAFTA agricultural provisions. Mexican President Vicente Fox stated that he would not seek to renegotiate the agreement, but he promised to implement special measures to protect Mexican farmers from the lost tariff protection. In 2002, trade remedy measures applied by Mexico involved U.S. imports of live swine, rice, beef, apples, and poultry.

In April 2002, a final NAFTA ruling found Mexico's antidumping duties on high fructose corn syrup from the United States illegal, and ordered that the tariffs be eliminated. Mexico complied on May 20, 2002. Another area of bilateral concern during 2002 was implementation by the United States of NAFTA cross-border trucking provisions. The opening of the U.S. interior to Mexican trucks and buses did not take place during 2002 as was scheduled. At the end of the year, however, President Bush cleared the way for Mexican commercial vehicles on U.S. highways by asking the U.S. Department of Transportation to begin reviewing 130 applications from Mexican trucking and bus companies that wish to operate in the United States.

Japan

A number of bilateral trade issues were discussed under the U.S.-Japan Economic Partnership for Growth, initiated in 2001 to address both sectoral issues (such as telecommunications, information technology, energy, and pharmaceuticals) and cross-cutting issues (including competition policy, transparency, and legal system reforms). Bilateral talks focused on sectoral deregulation (telecommunications, satellites, information technology) and structural deregulation (competition policy), construction, intellectual property rights, insurance, and investment. On October 23, 2002, the United States submitted its annual recommendations to Japan under the Regulatory Reform and Competition Policy Initiative launched by President Bush and Prime Minister Koizumi in 2001. Specific U.S. proposals for Japan included removing barriers to e-commerce, establishing an independent regulatory body for the

telecommunications sector, and expediting pans to liberalize the electricity and gas sectors. Other U.S. trade concerns during 2002 included Japan's nontariff barriers with respect to U.S. exports of rice, wheat, corn, pork, beef, and fish products.

China

China became the 143rd member of the WTO on December 11, 2001. As a part of the bilateral negotiations with the United States for WTO accession, China agreed to provisions on increased market access, tariff reductions, tariff-rate quota implementation, agricultural products, investment, financial services, and many other issues. During its first full year as a member of the WTO, China concentrated efforts on a number of broad trade-related reforms to fulfill its WTO commitments. It revised a large number of laws and regulations with potentially major implications for U.S. producers and investors, including a revision of its patent, trademark, and copyright laws. Other U.S. trade concerns during 2002 included market access for U.S. agricultural exports, specifically with respect to China's sanitary and phytosanitary measures for agricultural imports and administration of China's tariff-rate quota system for bulk agricultural commodities.

Taiwan

Taiwan (Chinese Taipei) became the 144th WTO member on January 1, 2002. Throughout 2002, the United States worked closely with other countries, as well as the U.S. private sector, to monitor Taiwan's compliance with the terms of its WTO accession. Taiwan's accession increased market access for a wide range of U.S. goods and services, including agricultural exports, during 2002. However, USTR monitored certain problems regarding market access for agricultural goods, Taiwan's telecommunications service market, and intellectual property rights protection.

Korea

U.S.-Korean trade relations were again calm in 2002, reflecting the continued relaxation of trade frictions in recent years. Korea has made progress in liberalizing both its domestic economy and its foreign trade regime. The United States and Korea meet regularly to discuss bilateral trade issues, although none of the issues discussed in 2002 reached the proportions of bilateral disputes of past years.

The United States has long been concerned over the low share foreign producers had in the Korean motor vehicle market. In 2002, the United States proposed that Korea unilaterally reduce its 8 percent tariff on imported passenger vehicles to the level of the U.S. rate of 2.5 percent. Korea declined to reduce its auto tariff rate unilaterally, preferring to reduce the rate only in the context of WTO multilateral rate reductions.

The United States also has had longstanding concerns about the lack of transparency with respect to pharmaceutical pricing in Korea. In 2002, Korea was moved from the Special 301 Priority Watch List to the Watch List, based on commitments the country

made in bilateral trade meetings to amend its intellectual property rights (IPR) protection legislation and to improve IPR enforcement.

Brazil

Several bilateral trade issues were addressed under the U.S.-Brazilian bilateral consultative mechanism. The United States sought information about the approval process in Brazil for biotechnology products, specifically concerning genetically modified soybeans. Brazilian officials replied in November 2002 during the third meeting of the bilateral consultative mechanism that the situation in their country remained unchanged as a result of the lack of a resolution on the matter in the Brazilian legal system. Also during the third bilateral meeting in November 2002, the United States expressed concern about possible Brazilian violation of the WTO Agreement for Trade-Related Aspects of Intellectual Property Rights as a result of an expanding backlog of more than 18,000 pharmaceutical patent applications before Brazil's patent office.

International Economic Environment in 2002 for Major U.S. Trading Partners

The world economy experienced slow recovery in 2002, with real global economic growth of 3.0 percent during the year, versus 2.3 percent in 2001.[3] Industrial production increased early in 2002, but lost momentum later in the year, accompanied by a slowdown in global trade growth. The economic slowdown in late 2002 was a result of geopolitical uncertainties during the lead-up to the war with Iraq and concerns about rising oil prices, as well as rising risks and uncertainties associated with declines in global equity markets.[4]

Table 1-2 shows comparative economic indicators of the United States and selected U.S. trading partners for 2002, and estimates for 2003 provided by the OECD.[5] Growth slowed marginally in the OECD region in 2002, and this continued through the first half of 2003, as a result of continued concerns about geopolitical risks, fears of terrorism, and the economic fallout of the outbreak and global spread of Severe Acute Respiratory Syndrome (SARS).[6] Many OECD countries, especially the United States, eased macroeconomic policies in response to the 2001 terrorist attacks and subsequent economic contractions. Among the advanced economies, the U.S.

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[3] International Monetary Fund (IMF), *World Economic Outlook: Growth and Institutions*, April 2003, p. 1, found at *http://www.imf.org/external/pubs/ft/weo/2003/01/pdf/chapter1.pdf*, retrieved June 16, 2003.

[4] Ibid., p. 6.

[5] OECD *Economic Outlook*, No.72, December 2002, "Summary of Projections" table, p. vi, found at *http://www.oecdwash.org/DATA/STATS/eo72sum.pdf* , retrieved June 16, 2003.

[6] OECD, *Economic Outlook, No. 73, June 2003, Editorial by OECD Chief Economist Jean-Philippe Cotis and Summary of Projections*, found at *http://www.oecd.org/pdf/M00036000/M00036674.pdf*, retrieved June 16, 2003.

Table 1-2
Comparative economic indicators of the United States and specified major trading partners, projections, 2002-03

Country	Real GDP		Inflation rates[1]		Unemployment rates[2]		Governments' budget balances[3]		Merchandise trade balances		Current account balances[4]	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	Percent change from previous period						*Percent of GDP*		*Billion dollars*		*Percent of GDP*	
Major traders:												
United States	2.4	2.6	1.1	1.3	5.8	6.0	-3.1	-3.0	–484.5	-504.4	-4.9	-5.1
Canada	3.4	3.4	1.0	2.6	7.6	7.3	0.6	0.5	35.8	38.0	1.9	2.2
Japan	- 0.5	1.0	-1.0	-1.6	5.5	5.6	-7.9	-7.7	98.5	115.0	3.2	3.8
Germany	0.4	1.5	1.6	1.2	7.8	8.1	-3.7	-3.8	123.6	141.0	2.0	2.3
United Kingdom	1.5	2.2	3.2	2.4	5.2	5.2	-1.4	-1.4	-45.1	-58.0	-1.7	-2.3
France	1.0	1.9	1.9	1.6	9.0	9.4	-2.7	-2.9	10.7	1.0	1.8	1.4
Italy	0.3	1.5	2.4	2.3	9.2	9.2	-2.3	-2.1	17.5	22.0	-0.8	-0.5
Euro area[5]	0.8	1.8	2.4	2.0	7.6	7.8	-2.0	-1.9	153.4	157.5	0.5	0.5
Mexico	1.5	3.3	4.7	3.9	2.8	2.7	N/A	N/A	-9.7	-13.8	-2.7	-3.3
Total OECD	1.5	2.2	2.2	1.8	6.8	6.9	-2.9	-2.9	-153.4	-157.5	-1.2	-1.2
Russia	4.0	4.5	15.8	11.0	N/A	N/A	N/A	N/A	N/A	N/A	7.0	6.3
China	7.9	7.5	-0.7	-0.2	NA	NA	-3.0	-3.2	NA	NA	1.5	1.1
Hong Kong	1.5	3.4	-3.0	-0.5	7.5	7.1	-3.6	-3.0	20.0	20.5	6.6	7.5
Korea	6.1	5.8	2.1	2.4	2.9	2.8	2.2	0.4	10.8	11.0	1.1	1.0
Singapore	3.6	4.2	1.0	1.4	3.0	2.3	4.1	6.7	NA	NA	4.5	4.2
Taiwan	3.3	4.0	0.4	1.6	5.0	4.9	-4.4	-2.5	9.8	14.4	2.5	2.6
Brazil	1.2	2.0	9.0	9.0	N/A	N/A	-3.5	-3.2	N/A	N/A	-3.8	-3.6

[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.

[5] Euro area comprises: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain.

Note.—2002 and 2003 data are IMF and OECD projections; however, GDP, inflation, unemployment rates, and merchandise trade balance for the United States in 2002 are actual. N/A= not available.

Source: OECD, *World Economic Outlook*, vol. 72, Dec. 2002, Annex table 1; IMF, *World Economic Outlook,* Dec. 2002; and official statistics of the U.S. Department of Commerce.

economy fared relatively well in 2002, although growth in the fourth quarter of 2002 moderated. The U.S. Department of Commerce estimated that real U.S. gross domestic product (GDP) grew 2.4 percent in 2002, compared with 0.3 percent in 2001.[7]

Canada

Canada's 2.8 percent economic growth in 2002 surpassed that in many other major industrial countries. Nevertheless, Canada's close trade and financial linkages with the United States continued to play a significant role in the Canadian economic environment in 2002. Weaker U.S. spending on Canadian automobiles and durable goods contributed to a slowdown in Canadian industrial production during the second half of 2002, further dampening Canadian consumer and business confidence.[8]

Mexico

Mexico's weak economic recovery during 2002 was based largely on increased exports to the United States. Economic policies were tightened in 2002 and early 2003 in the context of a weaker peso and stalling disinflation. By early 2003, GDP growth stood poised to increase, reflecting improved consumer and business confidence and increased business investment.[9]

European Union

Real economic growth in the euro currency area was low during 2002, particularly in Germany. While an increase in exports helped to initiate recovery in early 2002, it failed to stimulate domestic demand. Lower imports reflected sluggish domestic demand across much of the region. Uncertainties related to the lead-up to the war with Iraq and the potential impact of higher oil prices on consumer and business confidence further dampened expectations for 2003.[10]

Other Latin American Countries

Latin America as a whole experienced a significant economic downturn during 2001–2002, although economic activity began to turn up in early 2003. Economic

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[7] U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product: Fourth Quarter 2002, BEA 03-02.

[8] Ibid.

[9] OECD, *Economic Outlook No. 73: Country Summaries*, found at *http://www.oecd.org/pdf/M00036000/M00036708.pdf*, retrieved June 26, 2003.

[10] IMF, *World Economic Outlook*, April 2003, p. 23.

performance in 2002 varied considerably across countries. Real economic growth expanded modestly during the second half of 2002, reflecting in part reduced political uncertainties and an improved financial outlook in Brazil. Brazil, the region's most populous country, elected a new president in late 2002 who pledged to maintain policies to promote macroeconomic stability.[11]

Asia

Japan's real GDP contracted by 0.5 percent in 2002 as a recovery that began in the first half of the year stagnated as a result of sharp declines in domestic demand and consumption, weakening economic activity, excess capacity, and record unemployment. In contrast, China's real GDP grew by 8 percent in 2002, stimulated by strong export growth that was fueled by the country's entry into the WTO, increased private sector participation in export activities, and increased investment. Economic activity in Hong Kong, Korea, Singapore, and Taiwan increased by 4.6. percent in 2002, versus 0.8 percent in 2001, possibly reflecting the emergence of self-sustaining regional growth linked more to China's economic performance than to that of North America and Europe.[12]

U.S. Merchandise Trade in 2002

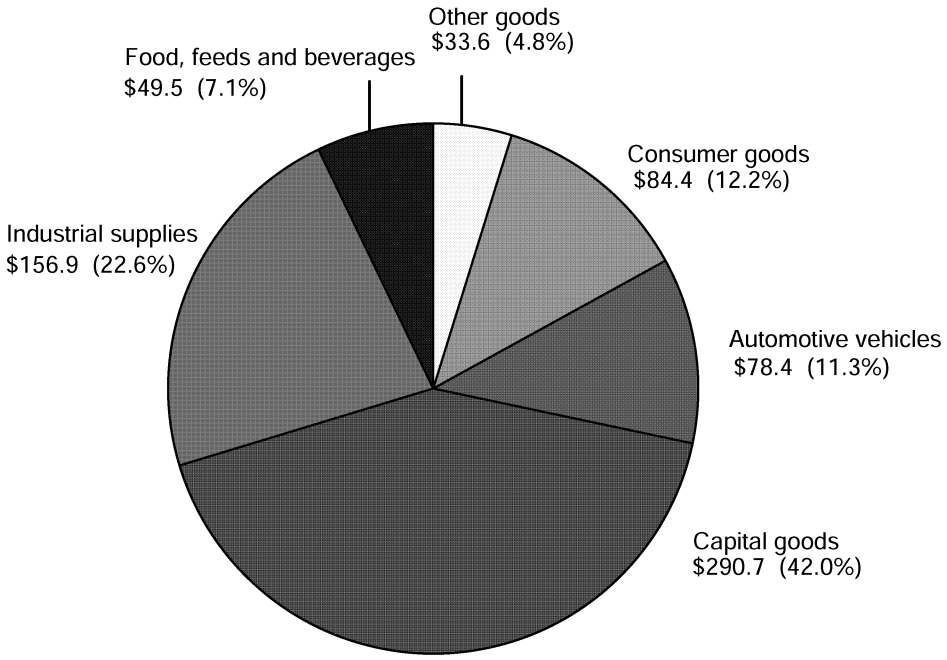
In 2002, the United States ranked as the world's largest merchandise exporter and importer, followed by Germany and Japan. U.S. merchandise exports (based on U.S. Census data) were valued at $693.5 billion in 2002, compared with exports of $729.1 billion in 2001; merchandise imports were $1,163.6 billion in 2002, up from $1,141.0 billion in 2001. The U.S. merchandise trade deficit with the world was $470.1 billion in 2002, up from $411.9 billion in 2001. The largest share of U.S. exports consisted of capital goods, which accounted for 41.9 percent of total U.S. exports in 2002, followed by industrial supplies (22.6 percent); consumer goods (12.2 percent); automotive vehicles (11.3 percent); foods, feeds, and beverages (7.1 percent); and all other goods (4.8 percent). The largest share of U.S. imports consisted of consumer goods, which accounted for 26.4 percent of total U.S. imports, followed by capital goods (24.4 percent); industrial supplies (23.1 percent); and food, feeds, and beverages (4.3 percent). The category "all other goods" accounted for 4.2 percent of total U.S. imports (figure 1-1).

Figure 1-2 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 2002, U.S. trade with NAFTA partners

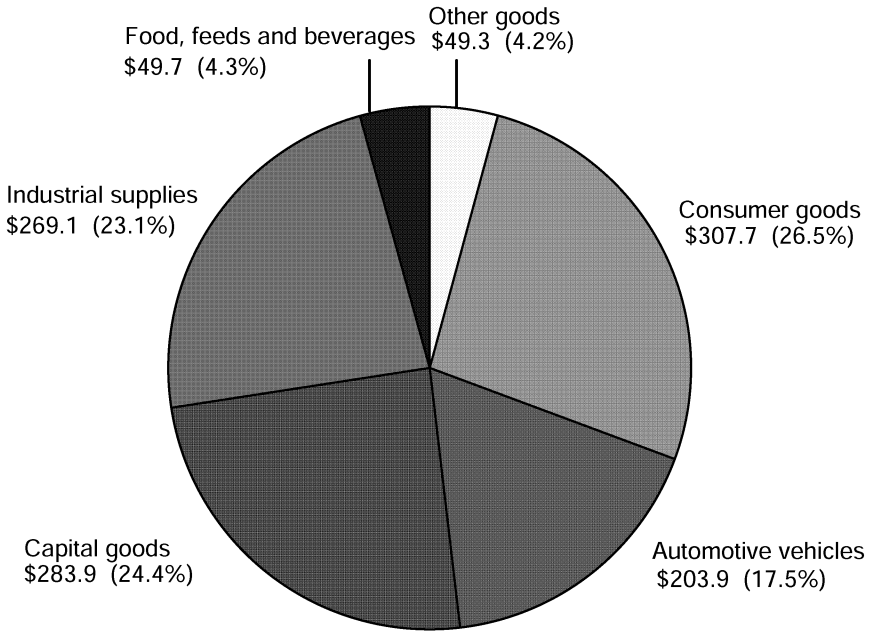
[11] IMF, *World Economic Outlook*, April 2003, pp. 3, 8, 31.
[12] IMF, *World Economic Outlook*, April 2003, p. 2.

Figure 1-1
U.S. merchandise trade with the world, by product sectors, 2002

(Billion dollars)



U.S. Exports - $693.5 billion

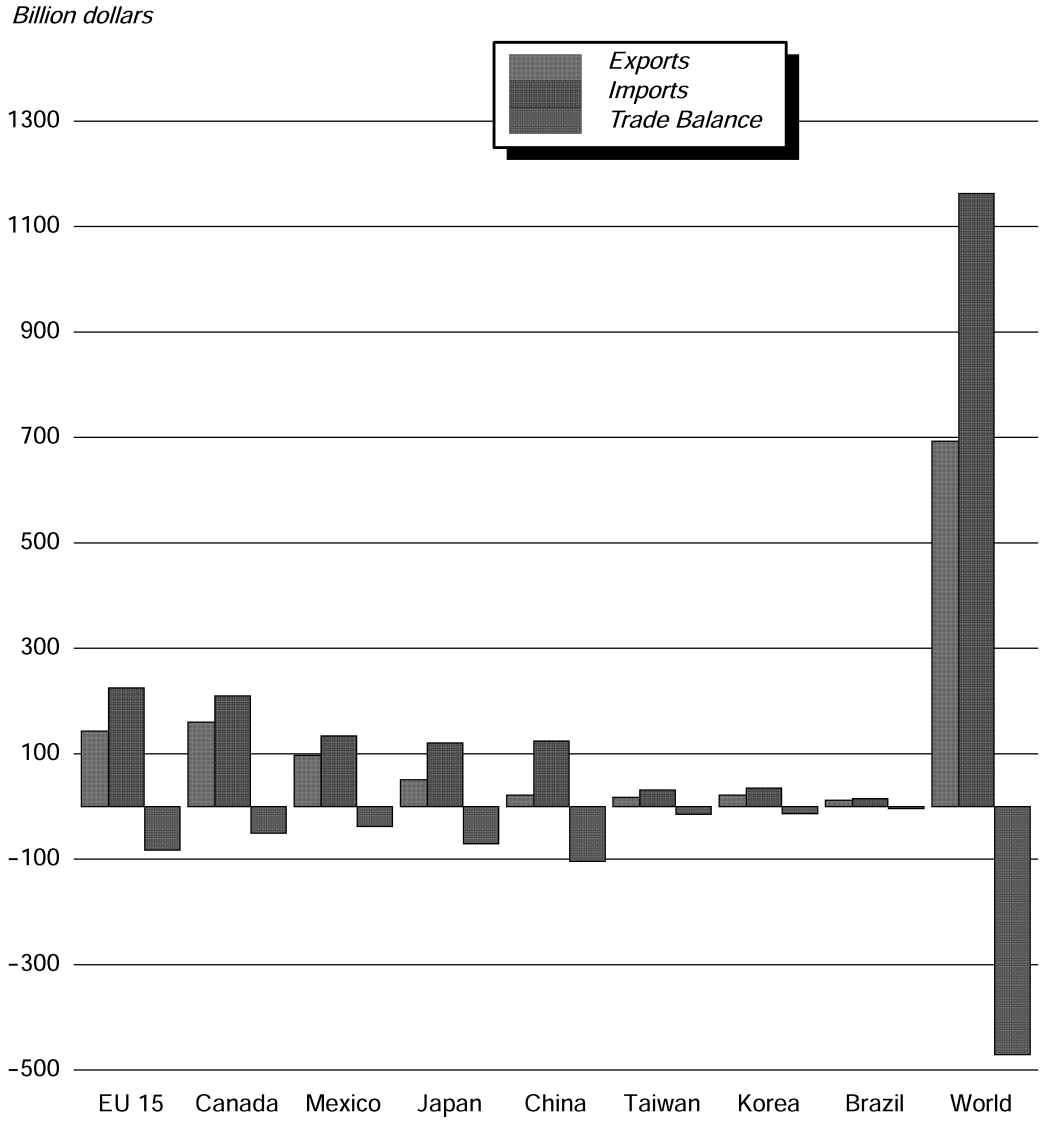


U.S. Imports - $1,163.6 billion

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

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

Figure 1-2
U.S. merchandise exports, imports, and trade balances with major trading partners, 2002



Major trading partners	Exports	Imports	Trade balance
		Billions	
EU (15)	143.8	226.1	-82.3
Canada	$160.8	$210.6	$-49.8
Mexico	97.5	134.7	-37.2
Japan	51.4	121.5	-70.1
China	22.1	125.2	-103.1
Taiwan	18.4	32.2	-13.8
Korea	22.6	35.6	-13.0
Brazil	12.4	15.8	-3.4
World	693.5	1,163.6	-470.1

Note.—Because of rounding, and omissions figures may not exactly equal totals shown.
Source: Compiled from official statistics of the U.S. Department of Commerce.

accounted for about 32.5 percent of total U.S. exports and imports. Of the $470.1 billion total U.S. trade deficit in 2002, NAFTA accounted for $87.0 billion (18.5 percent), of which Canada accounted for $49.8 billion (10.6 percent) and Mexico accounted for $37.2 billion (7.9 percent). The U.S. trade deficit with China was $103.1 billion, followed by the EU at $82.3 billion, Japan at $70.1 billion, Taiwan at $13.8 billion, and Korea at $13.0 billion.

U.S. Balance of Payments Position in 2002

The U.S. current account deficit (the combined balances on trade in goods, services, and investment income and net unilateral transfers) increased to $503.4 billion in 2002, from $343.9 billion in 2001 (table 1-3). An increase in the deficit on goods and a decrease in the surplus on services accounted for more than two-thirds of the overall increase. The balance on income shifted to a deficit, and net outflow for unilateral current transfers increased, accounting for the remainder of the increase.[13]

The deficit on merchandise trade increased to $484.4 billion in 2002 from $427.2 billion in 2001, as goods exports decreased to $682.6 billion from $718.8 billion, and imports increased to $1,166.9 billion from $1,145.9 billion. Nonagricultural products (mainly capital goods) accounted for nearly the entire decrease in exports, while non-petroleum products accounted for virtually all of the increase in imports. An increase in imports of consumer goods and automotive products was partly offset by a decrease in imports of capital goods and non-petroleum industrial supplies and materials.

The U.S. surplus on services trade decreased to $48.8 billion in 2002 from $68.9 billion in 2001 as services exports increased to $289.3 billion from $279.3 billion. Increases in exports in the "other private services" category (such as business, professional, and technical and financial services), and in royalties and license fees were partly offset by decreases in travel and in passenger fares. Services imports increased to $240.5 billion from $210.4 billion as an increase in "other" private services (largely insurance) accounted for four-fifths of the increase.

The balance on income shifted to a deficit of $11.9 billion in 2002 from a surplus of $14.4 billion in 2001 as income receipts on U.S.-owned assets abroad decreased to $244.6 billion from $283.8 billion in 2001. "Other" private receipts, which consist of interest and dividends, decreased to $110.8 billion from $151.8 billion in 2001, more than accounting for the decrease. Direct investment income receipts increased to $128.1 billion from about $126.0 billion.

[13] U.S. Department of Commerce, Bureau of Economic Analysis, *U.S. International Transactions 2002*, BEA 03-07.

Table 1-3
Summary of U.S. international transactions, 2001-02

Item	2001	2002	Percent Change 2001-02
	Billion dollars		
Merchandise exports	718.8	682.6	-5.0
Merchandise imports	-1145.9	-1166.9	1.8
Balance on merchandise trade	-427.2	-484.4	13.4
Services exports	279.3	289.3	3.6
Services imports	-210.4	-240.5	14.3
Balance on services	68.9	48.8	-29.2
Balance on goods and services	-358.3	-435.5	21.5
Income receipts on U.S. assets abroad	283.8	244.6	-13.8
Income payments on foreign assets in the United States	-269.4	-256.5	-4.8
Balance on investment income	14.4	-11.9	-182.6
Balance on goods, services, and income	-343.9	-447.7	30.2
Unilateral transfers	-49.5	-56.0	13.1
Balance on current account	-393.4	-503.4	28.0
U.S. assets abroad, net, outflow (-)	-371.0	-156.2	-57.9
Foreign assets in the U.S., net, inflow (+)	752.8	630.4	-16.3
Net capital inflows (+), outflows (-)	381.8	474.2	24.2

Source: Bureau of Economic Analysis, *U.S. International Transactions, Fourth Quarter and Year 2002,* BEA 03-07. 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.

Income payments on foreign-owned assets in the United States decreased to $256.5 billion from $269.4 billion. "Other" private payments (including interest and dividends) and U.S. Government payments both decreased, while direct investment payments increased. U.S.-owned assets abroad increased by $156.2 billion in 2002, compared with an increase of $371.0 billion in 2001. Foreign-owned assets in the United States increased by $630.4 billion in 2002 compared with an increase of $752.8 billion in 2001. Net inflows of foreign capital into the United States rose to $474.2 billion from $381.8 billion in 2001.

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

This chapter surveys activities related to the administration of U.S. trade during 2002. It covers the following: the import relief laws; the unfair trade laws; certain other trade provisions, including the U.S. Generalized System of Preferences, the African Growth and Opportunity Act, the Andean Trade Preference Act and the Andean Trade Promotion and Drug Eradication Act, and the Caribbean Basin Economic Recovery Act and the Caribbean Basin Trade Partnership Act; section 232 of the Trade Expansion Act of 1962 on impairment of national security; and programs affecting textile and apparel imports.

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, as amended.[1] U.S. bilateral action safeguard laws include 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 North American Free Trade Agreement (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 President imposed one new safeguard measure during 2002, on certain steel products, under the U.S. global action safeguard law following receipt of a report from the U.S. International Trade Commission (USITC, or the Commission) in December 2001. Following imposition of the U.S. measure, the EU and several other WTO members requested establishment of a panel under the WTO Dispute Settlement Understanding to review the measure; a panel was formed, and the matter was

[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.

pending as of the end of 2002. The Commission received and instituted two new safeguard investigations during 2002, both under the China safeguard law; and in the first investigation transmitted a report containing an affirmative determination and remedy recommendation to the President in November 2002. As of the end of 2002, the Commission's remedy recommendation in the first investigation was pending before the President, and the second investigation was still in progress before the Commission. Two U.S. global safeguard measures imposed in 2000, on steel wire rod and line pipe, remained in effect during the entire year. In March 2002, the WTO Appellate Body completed review of a U.S. measure on line pipe and found certain aspects of the measure to be inconsistent with U.S. WTO obligations; in July 2002, the United States and Korea reached an agreement that resolved the dispute.

Steel Products Safeguard Measure

The Commission conducted a global safeguard action investigation on certain steel products during 2001 and sent its report to the President in December 2001.[6] At the request of the U.S. Trade Representative (USTR), the Commission provided additional information to the President in January and February 2002. On March 5, 2002, the President announced that he would impose increased tariffs or tariff-rate quotas on 14 steel products, and those measures became effective on March 20, 2002.[7] The President also authorized USTR to consider requests for product exclusions and to exclude imported steel products not sufficiently available from U.S. producers if the exclusion would not undermine the effectiveness of the steel safeguard action. During 2002, 727 imported steel products were excluded.[8]

Following the announcement of the 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). Following

[6] USITC, Steel, investigation No. TA-201-73, USITC publication 3479, December 2001. The Commission made an affirmative determination with regard to certain carbon and alloy steel, including (1) slabs, (2) plate, (3) hot-rolled steel, (4) cold-rolled steel, (5) coated steel, (6) hot bar, (7) cold bar, (8) rebar, (9) welded tubular products other than oil-country tubular goods (OCTG), and (10) fittings; and stainless steel (11) bar and (12) rod. It was equally divided in its determination with regard to (1) carbon and alloy steel tin mill products, (2) tool steel, (3) stainless steel wire, and (4) stainless steel fittings. It made a negative determination with regard to carbon and alloy steel (1) grain-oriented electrical steel, (2) ingots, (3) rails, (4) wire, (5) rope, (6) nails, (7) shapes, (8) fabricated structural units, (9) seamless tubular products other than OCTG, (10) seamless OCTG, and (11) welded OCTG; and stainless steel (12) slabs/ingots, (13) plate, (14) cloth, (15) rope, (16) seamless tubular products, and (17) welded tubular products.

[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, or 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 F.R. 10553, Mar. 7, 2002.

[8] USTR, *Fact Sheet: Exclusion of Products from Safeguard on Steel Products and Automatic Adjustment of Remedy*, Mar. 21, 2003. In this fact sheet, the USTR announced an additional 295 product exclusions.

consultations, Brazil, China, the EU, Japan, Korea, New Zealand, Norway, and Switzerland requested establishment of a panel under the DSU, and a panel was composed on July 25, 2002. The panel conducted its proceedings principally during fall 2002, and the matter was pending at the end of 2002. The panel released its report on July 11, 2003, and found that certain aspects of the U.S. measures were inconsistent with U.S. WTO obligations.[9] Press reports indicated that the United States would appeal the ruling.[10]

Other Global Safeguard Measures in Place

The United States had two global safeguard measures in place at the end of 2002, on imports of steel wire rod[11] and welded line pipe.[12] Both measures were scheduled to expire on March 1, 2003.[13] The U.S. welded line pipe safeguard measure, including certain USITC 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.[14] The Appellate Body's report was adopted by the WTO Dispute Settlement Body on March 8, 2002. On July 29, 2002, USTR announced that the United States and Korea had reached an agreement that resolved the dispute.[15]

China Safeguard Investigations

The Commission instituted two investigations under section 421 of the Trade Act of 1974 with respect to imports from China during 2002. In the first investigation, concerning pedestal actuators from China, the Commission reported to the President and USTR in November 2002 that it had made an affirmative determination of market disruption by a vote of 3-2 and proposed import relief in the form of a quota.[16] On January 17, 2003, the President announced that he had determined that import relief

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[9] United States—Definitive Safeguard Measures on Imports of Certain Steel Products, WT/DS248/R/Corr.1, WT/DS249/R/Corr.1, WT/DS251/R/Corr.1, WT/DS252/R/Corr.1, WT/DS253/R/Corr.1, WT/DS254/R/Corr.1, WT/DS258/R/Corr.1, WT/DS259/R/Corr.1, WTO news item July 11, 2003, available at *http://www.wto.org*.

[10] See, e.g., "WTO Formally Designates U.S. Steel Tariffs as Illegal," *New York Times*, July 12, 2003, p. B3.

[11] 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 F.R. 59353, Nov. 28, 2001.

[12] 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 F.R. 30053, June 4, 2001.

[13] Both measures were terminated on March 1, 2003.

[14] *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.

[15] Under the agreement the United States agreed that the section 201 tariff would be applied only if line pipe imports from Korea exceed 17,500 tons per quarter. USTR press release, July 29, 2002, found at *http://www.ustr.gov/releases/2002/07/02-78*.

[16] USITC, *Pedestal Actuators from China*, investigation No. TA-421-1, USITC publication No. 3557, November 2002.

was not in the national economic interest and that he was not providing relief.[17] The Commission instituted the second investigation, certain steel wire garment hangers from China, in November 2002; the investigation was in progress at the end of 2002.[18]

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. In August 2002, the program was reauthorized through fiscal year 2007 by the Trade Adjustment Assistance Reform Act of 2002. The 2002 legislation, signed into law August 6, 2002, made the following changes to the TAA program:

- repealed NAFTA-TAA, consolidating the program into TAA (workers certified for NAFTA-TAA under petitions received before November 4, 2002, however, will continue to receive NAFTA-TAA services for as long as their eligibility lasts);
- expanded eligibility to more worker groups, increased existing benefits available, and provided tax credits for health insurance coverage assistance;
- increased timeliness for benefit receipt, training, and rapid response assistance;
- legislated specific waiver provisions; and
- established other TAA programs.[19]

These changes were scheduled to go into effect in fiscal year 2003.

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

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[17] "Memorandum for the United States Trade Representative," found at *http://www.whitehouse.gov/news/releases/2003/01/20030117-4 html*.

[18] In February 2003, the Commission reported to the President and USTR that it had made an affirmative determination of market disruption by a vote of 5-0, and proposed import relief in the form of a higher tariff. USITC, Certain Steel Wire Garment Hangers from China, investigation No. TA-421-2, USITC publication 3575, February 2003. On April 25, 2003, the President announced that he had determined that import relief was not in the national economic interest and that he was not providing relief. See "Memorandum for the Secretary of Commerce, the Secretary of Labor, and the United States Trade Representative," found at *http://www.whitehouse.gov/news/releases/2003/04/20030425-8.html*.

[19] U.S. Department of Labor, "Trade Adjustment Assistance Reform Act of 2002," found at *http://www.doleta.gov/tradeact/2002act_index.asp*, retrieved Feb. 24, 2003. For a more detailed description of changes, see "Trade Adjustment Assistance Reform Act of 2002, Summary," found at *http://www.doleta.gov/tradeact/2002act_summary.asp*.

technical consultation, provided through programs sponsored by the U.S. Department of Commerce, is designed to restore the economic viability of U.S. industries adversely affected by import competition.[20]

Assistance to Workers

The U.S. Department of Labor instituted 2,378 investigations during FY 2002 (October 1, 2001 through September 30, 2002) on the basis of petitions filed for trade adjustment assistance. Petitioners for TAA assistance represented a broad spectrum of manufacturing industries. The FY 2002 figure represents an increase from the 2,352 TAA petitions instituted in FY 2001. The results of the TAA investigations completed in FY 2002, including those in progress from the previous fiscal year, are shown in table 2-1.

The number of completed TAA cases, including partial certifications and denied, terminated, or withdrawn petitions, increased from 1,743 cases in FY 2001 to 2,788 cases in FY 2002. As shown in table 2-1, there were 232,195 workers certified in FY 2002, an increase from the number certified in FY 2001. 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 2-2 presents data on benefits and services provided under the TAA program. Expenditures for FY 2002 increased to $253.4 million from $248.0 million in FY 2001. In addition, there was an increase in the number of workers receiving such benefits, from 32,514 new recipients in FY 2001 to 37,426 new recipients in FY 2002.

NAFTA Transitional Assistance to Workers

The NAFTA Implementation Act[21] established the NAFTA-TAA. That program, which began operation January 1, 1994, and was merged into the general TAA program in 2002, 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.[22] Data for FY 2002 from the U.S. Department of Labor indicate that 2,347 petitions were filed for assistance under the NAFTA-TAA program, compared with 1,329 such filings in FY 2001. Petition activity under the program in FY 2001 and FY 2002 is summarized in table 2-3. As shown, there were 748 completed certifications in FY 2002, covering 112,281 workers.

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

[21] 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).

[22] 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 2-1
Results of petitions filed under the trade adjustment assistance program, FY 2001 and FY 2002

Item	Number of investigations or petitions		Number of workers	
	FY 2001	FY 2002	FY 2001	FY 2002
Completed certifications	1,026	1,605	135,110	232,195
Partial certifications	1	10	740	1,053
Petitions denied	607	993	59,109	96,197
Petitions terminated or withdrawn	109	180	5,015	9,865
Total	1,743	2,788	199,974	339,310

Source: Preliminary (as of March 2003) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 2-2
Benefits and services provided under the trade adjustment assistance program, FY 2001 and FY 2002

Item	Estimated number of participants	
	FY 2001	FY 2002
	Trade readjustment allowance benefits	
Number of new recipients	32,514	37,426
Total expenditures (million dollars)	248.0	253.4
	Training, job search, and relocation services	
Number entering training	24,106	37,163
Number receiving a job search allowance	242	271
Number receiving a relocation allowance	369	388

Source: Preliminary (as of March 2003) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

Table 2-3
Results of petitions filed under the NAFTA transitional adjustment assistance program, FY 2001 and FY 2002

Item	Estimated number of investigations or petitions		Estimated number of workers	
	FY 2001	FY 2002	FY 2001	FY 2002
Petitions filed	1,329	2,347	160,091	166,971
Worker groups certified	560	748	79,274	112,281
Petitions denied	440	695	46,911	76,097
Petitions terminated	55	80	([1])	([1])

[1] Not Available.

Source: Preliminary (as of March 2003) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

FY 2002 figures show 4,936 new recipients of NAFTA-TAA assistance, an increase from the 3,239 workers that entered the program in FY 2001 (table 2-4). The Department of Labor provided direct benefits to workers of $32.0 million in FY 2002, an increase from $27.0 million in FY 2001.

Assistance to Firms and Industries[23]

The U.S. Department of Commerce's Economic Development Administration (EDA) certified 170 firms as eligible to apply for trade adjustment assistance during FY 2002. This figure represents a decrease from the 179 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 d irectly competitive with, those produced by the firm contributed significantly to declines in its sales, production, or both, and to the separation, or threat of separation, of a significant portion of the firm's workers. Following certification, a firm must prepare an adjustment proposal before it may receive technical assistance to implement its economic recovery strategy. In FY 2002, EDA approved adjustment strategies for 141 firms, an increase from 118 in FY 2001.

The EDA administers its technical assistance programs through a nationwide network of 12 Trade Adjustment Assistance Centers (TAACs). The TAACs are nonprofit, nongovernmental organizations established to help firms qualify for, and receive assistance in, adjusting to import competition. Technical services are provided to certified firms through TAAC staff and independent consultants under contract with TAACs. Typical technical services include assistance in marketing (e.g., the design of new brochures and 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 2002 totaled $10.5 million, the same as in the previous fiscal year.

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

Table 2-4
Benefits and services provided under the NAFTA transitional adjustment assistance program, FY 2001 and FY 2002

Item	Estimated number of participants	
	FY 2001	FY 2002
	Trade readjustment allowance benefits	
Number of new recipients	3,239	4,936
Total expenditures (million dollars)	27	32
	Training, job search, and relocation services	
Number entering training	5,085	8,585
Number receiving a job search allowance	25	185
Number receiving a relocation allowance	44	65

Source: Preliminary (as of March 2003) data maintained by the U.S. Department of Labor, Employment and Training Administration, Division of Trade Adjustment Assistance.

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. There was no defense conversion funding in FY 2002.

Laws Against Unfair Trade Practices

Several actions were taken in 2002 pursuant to U.S. laws against unfair trade practices. The Commission completed 76 antidumping investigations, 21 countervailing duty investigations, and 26 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, USTR had several investigations underway involving possible unfair trade practices under section 301 of the Trade Act of 1974.

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.[24] 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 USTR to investigate a foreign government policy or practice, or 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 USTR to use the dispute settlement procedures that are available under the subject agreement. If the matter is not resolved by the conclusion of the investigation, section 304 of the Trade Act requires USTR to determine whether the practices in question deny U.S. rights under a trade agreement; whether they are unjustifiable, unreasonable, or discriminatory; and whether they burden or restrict U.S. commerce. If the practices are determined to violate a trade agreement or to be unjustifiable, the USTR must take action. If the practices are determined to be unreasonable or discriminatory, and to burden or restrict U.S. commerce, USTR must determine whether action is appropriate and, if so, what action to take. The time period for making these determinations varies according to the type of practices alleged.

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

Active Cases in 2002

In 2002, the active cases under the section 301 law concerned the EU's meat hormone directive, the practices of the Canadian Wheat Board (CWB), and intellectual property protection in Ukraine. In the meat hormone case, the United States successfully challenged an EU law that banned imports of meat from animals that had been treated with certain hormones. The EU law effectively banned imports of U.S. beef and beef products. The WTO panel and the Appellate Body found that the ban violated the EU's WTO obligations because the EU law was not based on objective scientific evidence. The EU did not comply with the WTO ruling, so the United States sought and received authorization from the WTO to withdraw concessions on a commensurate amount of trade. Accordingly, in July 1999, the United States imposed additional 100 percent ad valorem duties on about $117 million in imports from the EU. The additional duties have remained in effect since that time, and consultations are ongoing.

The 301 investigation concerning Canada 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.[25] 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, were unreasonable and had harmed U.S. wheat farmers in the U.S. market and in certain third-country markets. To assist it in its investigation, USTR asked 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 was issued in December 2001,[26] and USTR solicited public comments on the ongoing investigation and the USITC report.[27] In February 2002, USTR determined that the acts, policies and practices of the Government of Canada and CWB were unreasonable and burdened or restricted U.S. commerce.[28] USTR announced that the Administration would: (1) consider filing a WTO case; (2) consult with the U.S. industry about filing dumping and countervailing duty petitions with the Department of Commerce and USITC; (3) identify specific impediments in Canada that hinder market access for U.S. wheat; and (4) pursue reform of monopoly state trading enterprises in the WTO agricultural negotiations. On September 13, 2002, the U.S. industry filed antidumping and countervailing duty petitions,[29] and in December 2002, USTR announced that the

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[25] This case is discussed in more detail in chapter 4. See also USTR, Press Release 00-74, Oct. 23, 2000, and 65 F.R. 69362, Nov. 16, 2000.

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

[27] USTR, Press Release 01-116, Dec. 21, 2001; and 66 F.R. 66005, Dec. 21, 2001.

[28] See USTR, Press Release 2002-22, Feb. 15, 2002, which includes the USTR Affirmative Finding in Response to North Dakota Wheat Commission Petition, dated Feb. 15, 2002, and a Fact Sheet.

[29] On Oct. 23, 2002, the Department of Commerce (Commerce) announced its decision to initiate antidumping and countervailing investigations on imports of certain Durum wheat and Hard Red Spring wheat from Canada. On Nov. 25, 2002, USITC determined that there is a reasonable indication that industries in the United States are being materially injured by reasons of those imports. Commerce announced its preliminary determinations in the countervailing duty investigations on March 4, 2003, finding net subsidy rates of 3.94 percent. Commerce announced its affirmative preliminary

United States would file a WTO case against Canada with respect to CWB wheat-trading practices, and formally asked for consultations.[30]

USTR identified Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law in 2001 due to its denial of adequate and effective protection of intellectual property rights (IPR), and initiated a 301 investigation.[31] 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 also found to have 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 (GSP) program due to inadequate and ineffective protection of IPR.[32] When ongoing bilateral consultations failed to result in an agreement, USTR issued a preliminary retaliation list under section 301.[33] In December 2001, USTR announced that the United States would impose 100 percent ad valorem duties on $75 million in imports from Ukraine.[34] The suspension of GSP benefits and the additional duties remained in effect during 2002.

Some other active 301 investigations[35] are the subject of ongoing WTO dispute settlement proceedings. Table 2-5 contains a listing of active 301 cases.

Special 301

The "special 301" law provides that, each year, the USTR shall identify countries that deny adequate and effective protection of IPR or that deny fair and equitable market access for persons who rely on intellectual property protection.[36] 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.[37] In addition, the "special 301"

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[29]—*Continued*

http://www.ita.doc.gov/media/FactSheet/0503/wheat_fs_050203.html, retrieved Aug. 19, 2003. determinations in the antidumping duty investigations on May 2, 2003, finding that imports of certain Durum and Hard Red Spring wheat were sold at less than fair value, with dumping margins of 8.15 percent and 6.12 percent respectively. The final cases are still pending. USITC, *Duruim and Hard Red Spring Wheat from Canada*, Investigations Nos. 701-TA-430 and 731-TA-1019 (Preliminary), USITC Publication 3563, November 2002, and U.S. Department of Commerce, Office of Public Affairs, Preliminary Determinations in the Antidumping Duty Investigations on Imports of Durum Wheat and Hard Red Spring Wheat from Canada: Fact Sheet, found at

[30] USTR, Press Release 02-117, Dec. 17, 2002.

[31] USTR, Press Release 01-15, Mar. 13, 2001, and 66 F.R. 18346, Apr. 6, 2001.

[32] 66 F.R. 16515, Mar. 26, 2001; USTR, Press Release 01-61, Aug. 7, 2001; and 66 F.R. 42246, Aug. 10, 2001.

[33] USTR, Press Release 01-61, Aug. 7, 2001, and 66 F.R. 42246, Aug. 10, 2001.

[34] USTR, Press Release 01-115, Dec. 20, 2001; 67 F.R. 120, Jan. 2, 2002; and USTR, Press Release 2002-10, Jan. 23, 2002.

[35] See USTR, *2003 Trade Policy Agenda and 2002 Annual Report*, p. 44.

[36] 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).

[37] See section 182(d)(4) of the Trade Act of 1974, as added by section 313(2)(B) of the Uruguay Round Agreements Act (Pub. L. 103-465; 108 Stat. 4938)(19 U.S.C. 2242(d)(4)).

Table 2-5
Active 301 cases in 2002

Docket Number	Summary and actions occurring during course of investigation
301-62a	**European Union and the Meat Hormone Directive** In 1987, the President announced his intention to impose prohibitive duties on certain imports from the European Union (EU) in response to the adoption and implementation of the Meat Hormone Directive, which banned imports of meat produced from animals treated with growth hormones. Following a long series of bilateral consultations during the ensuing years, USTR eventually resorted to the WTO dispute settlement process. In 1997, the WTO found the EU ban inconsistent with its WTO obligations. In 1999, when the EU had not implemented the WTO recommendations, the United States requested and received WTO authorization to retaliate against imports from the EU. The increased duties remained in effect during 2002.
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 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 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] Mexico removed the antidumping, but in December 2001, adopted a tax on soft drinks made with HFCS, effective Jan. 1, 2002. The tax effectively eliminated the use of HFCS by the beverage industry in Mexico. The tax reduced sales of HFCS by U.S. firms, and lowered U.S. corn exports. The two governments continue to work together to address the remaining sweetener trade issues.[4]
301-120	**Trading Practices of the Canadian Wheat Board** On Sept. 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 (CWB) are unreasonable and that such practices burden or restrict U.S. commerce. On Oct. 23, 2000, USTR initiated a 301 investigation. As part of the investigation, USTR asked the Commission 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. In February 2002, USTR found that the acts, policies and practices of the Government of Canada and the CWB are unreasonable and burden and restrict U.S. commerce. In December 2002, USTR requested formal WTO consultations and announced that it would file a WTO case.[4]
301-121	**Ukraine and the Protection of Intellectual Property Rights** In 2001, USTR identified Ukraine as a priority foreign country under the "special 301" provisions of the section 301 law due to its denial of adequate and effective protection of intellectual property rights (IPR). In a parallel proceeding, USTR suspended Ukraine's eligibility for the Generalized System of Preferences (GSP) due to inadequate and ineffective protection of IPR. When ongoing bilateral consultations did not result in an agreement that satisfactorily addressed the optical media piracy situation in Ukraine, USTR issued a preliminary retaliation list under section 301. In December 2001, USTR announced that the United States would impose prohibitive duties on certain imports from Ukraine. The suspension of GSP benefits and the additional duties remained in effect during 2002.

[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 from the WTO at *http://www.wto.org*.

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

[4] This case is discussed in more detail in chapter 5.

Source: Compiled by the Commission.

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 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."[38] The "priority watch list" is for countries with significant IPR problems that warrant close monitoring and bilateral consultation. A country that is identified on the "priority watch list" may make progress and be downgraded to the "watch list" or removed from any listing; alternatively, a country that fails to make progress may be elevated from the "watch list" to the "priority watch list" or from the "priority watch list" to the list of "priority foreign countries."

In the 2002 "special 301" review, the USTR devoted special attention to the need for governments to take effective action against commercial piracy and counterfeiting. Also, USTR focused on unauthorized reproduction of "optical media" and on internet piracy, which facilitates copyright and trademark piracy, and the importance of the World Intellectual Property Organization's Internet treaties. In addition, USTR focused on TRIPs implementation by developing countries and by new WTO members.

In the 2002 review, USTR identified 51 countries that deny adequate and effective IPR protection.[39] USTR noted that Ukraine had been designated as a "priority foreign country" in March 2001. Fifteen countries were placed on the "priority watch list," and 33 countries were placed on the "watch list." 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, USTR announced that so-called out-of-cycle reviews would be conducted of the IPR regimes in the Bahamas, Costa Rica, Indonesia, Israel, the Philippines, Poland, and Thailand. Finallly, USTR reiterated in the 2002 "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 WTO TRIPs Agreement.[40]

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[38] See USTR, 2002 Annual Report, Mar. 2003, p. 236.

[39] See USTR, Press Release 02-48, Apr. 30, 2002, and 67 F.R. 30412, May 6, 2002. See also USTR, *2002 Special 301 Report*, found at *http://www.ustr.gov/reports/special301.htm*, retrieved May 19, 2003.

[40] USTR, *2002 Special 301 Report*. See also USTR, Press Release 2002-56, June 24, 2002, and USTR, Press Release 2002-119, Dec. 20, 2002. For a related statement of principles, see USTR Background Paper, *TRIPs and Health Emergencies*, Press Release 01-97, Nov. 10, 2001.

Antidumping Investigations

The U.S. antidumping law is contained in Title VII of the Tariff Act of 1930.[41] 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.[42] The antidumping duty is designed to equal the difference between the U.S. price and the foreign-market value. The duty specified in an antidumping order reflects the dumping margin found by Commerce during its period of investigation. This rate of duty will be applied to subsequent imports if Commerce does not receive a request for annual reviews. If a request is received, Commerce will calculate the antidumping duties for that year for each entry.

Commerce and the Commission each conduct preliminary and final antidumping investigations in making their separate determinations.[43] The Commission instituted 36 new antidumping investigations during 2002 and completed 76 investigations.[44] Antidumping duties were imposed as a result of affirmative determinations in 26 of those completed investigations, on products from 20 different countries. The antidumping duty orders effective in 2002 are shown in table 2-6 (in alphabetical order by country). Details on all antidumping investigations active at the Commission during 2002 are presented in table A-25 and a list of all antidumping duty orders,

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[41] 19 U.S.C. 1673 et seq.

[42] 19 U.S.C. 1677b; 19 CFR part 353, subpart D.

[43] 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.

[44] Data reported here and in the following two sections ("Countervailing Duty Investigations" and "Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements") reflect the total number of investigations. In other Commission reports these data are grouped by product because the same investigative team and all of the parties participate in a single grouped proceeding, and the Commission generally produces one report and issues one opinion containing its separate determinations for each investigation.

Table 2-6
Andidumping duty that became effective during 2002

Country	Product	Range of duty (in percent)
Brazil	Carbon and certain alloy steel wire rod	74.35-94.73
Canada	Carbon and certain alloy steel wire rod	1.18-9.90
Canada	Softwood lumber	2.18-12.44
Chile	Individually quick frozen red raspberries	6.33
China	Automotive replacement glass windshields	3.71-124.50
China	Folding gift boxes	1.67-164.75
China	Folding metal tables and chairs	13.72-70.71
France	Low enriched uranium	19.95
France	Stainless steel bar	3.90-71.83
Germany	Stainless steel bar	4.17-32.32
Hungary	Sulfanilic acid	20.98
India	Polyethylene terephthalate (PET) film	24.14
India	Silicomanganese	15.32-20.53
Indonesia	Carbon and certain alloy steel wire rod	4.06
Italy	Stainless steel bar	2.50-33.00
Kazakhstan	Silicomanganese	247.88
Korea	Stainless steel bar	4.75-13.38
Mexico	Carbon and certain alloy steel wire rod	20.11
Mexico	Welded large diameter line pipe	49.86
Moldova	Carbon and certain alloy steel wire rod	369.10
Portugal	Sulfanilic acid	74.14
Taiwan	Polyethylene terephthalate (PET) film	2.05-2.49
Trinidad and Tobago	Carbon and certain alloy steel wire rod	11.40
Ukraine	Carbon and certain alloy steel wire rod	116.30
United Kingdom	Stainless steel bar	4.48-125.77
Venezuela	Silicomanganese	24.62

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

including suspension agreements,[45] in effect as of the end of the year is presented in table A-26.

Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in Title VII of the Tariff Act of 1930. It provides for the levying of special additional duties to offset foreign subsidies on products imported into the United States.[46] 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

[45] 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.

[46] 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).

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 four new countervailing duty investigations during 2002 and completed 21 investigations. Countervailing duties were imposed as a result of affirmative determinations in 10 of those completed investigations on products from 9 different countries. The countervailing duty orders put into effect in 2002 are shown in table 2-7 (in alphabetical order by country). Details on all countervailing duty investigations active at the Commission during 2002 are presented in table A-27 and a list of all countervailing duty orders, including suspension agreements,[47] in effect as of the end of the year is presented in appendix table A-28.

Review of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements

Section 751 of the Tariff Act of 1930 requires Commerce, if requested, to conduct annual reviews of outstanding antidumping and countervailing duty orders to determine the amount of any net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751 also authorizes Commerce and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. In these circumstances, the party seeking revocation or modification of

[47] 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.

Table 2-7
Countervailing duty orders that became effective during 2002

Country	Product	Range of duty (in percent)
Brazil	Carbon and certain alloy steel wire rod	2.76-6.74
Canada	Carbon and certain alloy steel wire rod	6.61
Canada	Softwood lumber	1.16-13.42
France	Low enriched uranium	12.5
Germany	Low enriched uranium	2.23
Hungary	Sulfanilic acid	2.87
India	Polyethylene terephthalate (PET) film	18.43-24.48
Italy	Stainless steel bar	13.17
Netherlands	Low enriched uranium	2.23
United Kingdom	Low enriched uranium	2.23

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

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 2002.

The Uruguay Round Agreements Act amended section 751 of the Tariff Act of 1930 to require both Commerce and the Commission to conduct sunset reviews of outstanding orders and suspension agreements five years after their publication to determine whether revocation of an order or suspension agreement would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy and material injury.[48] During 2002, Commerce and the Commission instituted 14 sunset reviews of existing antidumping and countervailing duty orders or suspension agreements[49] and completed two reviews, resulting in two antidumping orders or suspension agreements being continued for five additional years. Appendix table A-29 shows completed reviews of antidumping orders or suspension agreements in 2002.[50]

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 sale for importation into, 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.[51]

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[48] 19 U.S.C. 1675c.

[49] Six 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 melamine institutional dinnerware from China, Indonesia, and Taiwan; gas turbo-compressor systems from Japan; and collated roofing nails from China and Taiwan.

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

[51] 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.[52] The President may disapprove a Commission order within 60 days of its issuance for "policy reasons."

During 2002, there were 44 active section 337 investigations and ancillary proceedings, 19 of which were instituted in 2002. Of these 19, there were 17 new section 337 investigations and two new ancillary proceedings. Further, with respect to the 19 new section 337 investigations and ancillary proceedings in 2002, 15 involved allegations of only patent infringement, three involved allegations of trademark infringement, and one involved allegations of misappropriation of trade secrets. Eleven investigations were terminated on the basis of settlement agreements, one of which also included a consent order. The Commission completed a total of 26 investigations and ancillary proceedings under section 337 in 2002, including one modification proceeding 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, hardware and software systems for storing, managing, and protecting collections of data, recordable and rewritable compact discs, various memory chips and related integrated circuit devices, and processes for semiconductor fabrication. Several other investigations involved sophisticated technologies relating to items such as antibiotics, machines used for manufacturing microelectronic devices, abrasive products used in the manufacture of silicon chips, apparatus used to convey and sort packages, and bearings used in industrial applications. Other section 337 investigations active during the year concerned personal watercraft, video game systems, electronic educational devices, self-stick repositionable notes, disposable cameras, and electrical safety devices used as wall outlets in bathrooms and kitchens.

Five exclusion orders and four cease-and-desist orders were issued during 2002. Several investigations were terminated by the Commission without determining whether section 337 had been violated. Generally, these terminations were based on settlement agreements, consent orders, or withdrawal of complaints. At the close of 2002, there were 18 section 337 investigations and related proceedings pending at the Commission. Commission activities involving section 337 actions in 2002 are presented in appendix table A-30.

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[52] 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.

As of December 31, 2002, a total of 50 outstanding exclusion orders based on violations of section 337 were in effect, of which 26 involved unexpired patents. Appendix table A-31 lists the investigations in which these exclusion orders were issued.

Other Import Administration Laws and Programs

Tariff Preference Programs

Generalized System of Preferences

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for certain products that are imported from designated developing countries and territories. The 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. The GSP program expired on September 30, 2001, and was extended retroactively through December 31, 2006, by legislation (Public Law 107-210) signed by the President on August 6, 2002. 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 President designates certain countries as "beneficiary developing countries" under this program. The President can not 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; countries that do not afford adequate protection to intellectual property rights; or countries that do not afford internationally recognized worker rights to their workers.[53] The President also designates the articles that are eligible for duty-free

[53] 19 U.S.C. 2462(b).

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.[54] 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.

In Proclamation 7586 of August 28, 2002 (67 FR 56211), the President proclaimed certain modifications of the duty-free treatment under the GSP for Argentina. The modifications provided for: (1) the granting of a de minimis waiver for a certain article and restoration to preferential treatment of the article from Argentina; and (2) the redesignation of Argentina's eligibility for certain articles that had previously exceeded the applicable GSP competitive need limits (CNL), but fell below the CNLs in 2001.

Each year (unless otherwise specified in a *Federal Register* notice), USTR conducts a review 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 announced in a Federal Register notice (66 F.R. 19278) 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 were reauthorized. On November 1, 2002, USTR announced in a Federal Register notice (67 F.R. 69699) the initiation of the 2002 Annual GSP Product and Country Practices Review and also the date by which petitions for modifications of the GSP were to be submitted, that petitions submitted for the 2001 GSP Annual Review would be merged to the extent practicable with the 2002 GSP Annual Review, and that the notification of the petitions that had been accepted, and other relevant dates, including the review schedule, would be issued in a subsequent Federal Register notice.

Several other actions were taken by USTR under the GSP in 2002. On January 24, 2002, USTR announced the acceptance of two petitions to alter benefits under the African Growth and Opportunity Act for canned pears and manganese.[55] On August 28, 2002, USTR announced a Special Review of product petitions for Argentina, the Philippines, and Turkey, received in the 2001 GSP Annual Review.[56]

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[54] 19 U.S. C. 2463.
[55] 67 F.R. 3528.
[56] 67 F.R. 55297.

In 2002, $17.7 billion in duty-free imports entered under the GSP program,[57] accounting for more than 11 percent of total U.S. imports from GSP beneficiaries and 1.5 percent of total U.S. imports (table 2-8). Angola was the leading GSP beneficiary in 2002, followed by Thailand, Brazil, India, and Indonesia (table 2-9). Appendix table A-32 shows the top 20 GSP products or product categories in 2002, and table A-33 shows the overall sectoral distribution of GSP benefits.

African Growth and Opportunity Act

The Trade and Development Act of 2000 provides expanded trade benefits for 48 eligible sub-Saharan African (SSA) countries under Title I, which is the African Growth and Opportunity Act (AGOA).[58] AGOA amends the GSP program, described above, and authorizes the President to provide duty-free and quota-free treatment for certain products imported from SSA, if it is determined that these products are not import-sensitive in the context of imports from these countries. While the GSP covers about 4,600 items, AGOA (including GSP) applies to more than 6,400 items. AGOA also exempts SSA beneficiaries from GSP competitive need limits. The legislation provides for the graduation of countries from the program when they become high-income countries, and for the removal of eligibility of items, or items from certain countries, under certain conditions. The provisions are scheduled to remain in effect until September 30, 2008. Section 3108 of the Trade Act of 2002 included many enhancements to the original AGOA provisions and expanded preferential access for apparel imports from SSA beneficiaries.[59] AGOA textile and apparel benefits are described in more detail later in this chapter.

AGOA requires the President to take into account specific criteria before an SSA country may be designated for AGOA benefits. Those criteria include whether the country has established or is 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 worker rights; and a system to combat corruption. Additionally, a country (1) can not engage in activities that undermine U.S. national security or foreign policy interests, (2) can not engage in gross violations of internationally recognized human rights, (3) can not provide support for acts of international terrorism, and (4) must have implemented commitments to eliminate the worst forms of child labor. In addition, all AGOA beneficiaries are required to undergo an annual review to determine whether they are making continued progress toward establishing a market-based economy,

[57] As discussed above, the U.S. GSP program expired on Sept. 30, 2001, but was retroactively renewed effective Aug. 6, 2002, through Dec. 31, 2006. 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 the CBERA, was claimed and accorded. Duties paid on articles otherwise eligible for GSP duty-free entry during the period of GSP lapse may be eligible for refund. Procedures for such refunds were announced in U.S. Customs Service, "Procedures if the Generalized System of Preferences Expires," 66 F.R. 50248.

[58] Trade and Development Act of 2000, Public Law 106-200, Title I, May 18, 2000, 114 Stat. 252.

[59] The modifications collectively are referred to as AGOA II. In this report, the term AGOA refers to both the original and the enhanced AGOA provisions.

Table 2-8
U.S. imports for consumption[1] from GSP beneficiaries and the world, 2002

(Million dollars)

Item	All GSP beneficiaries	World
Total	157,341	1,151,178
Total GSP-eligible products[2]	33,616	524,624
Total GSP (non-LDBDC eligible products)	29,860	257,546
GSP-LDBDC eligible	3,755	267,078
Total duty free under GSP	17,657	17,657
Duty free under non-LDBDC GSP	14,191	14,191
Duty free under GSP-LDBDC	3,467	3,467
Total of GSP eligible products not benefitting from GSP duty-free treatment	15,958	506,967
GSP program exclusions	4,116	4,116
All other	11,842	518,016
Noneligible products imports	123,725	626,554

[1] Customs-value basis; excludes imports into the Virgin Islands.

[2] Includes imports from all beneficiary countries for the articles that are designated as eligible articles under GSP. Non-LDBDC eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbols "A" or "A*" in parenthesis (the symbol "A" indicates that all beneficiary countries are eligible for duty-free treatment with respect to all articles provided for in the designated provisions and the symbol "A*" indicates that certain beneficiary countries, specified in general note 4(d) of the HTS, are not eligible for duty-free treatment with respect to any article provided for in the designated provision). LDBDC eligible products are those for which a rate of duty of "Free" appears in the Special rate column of the Harmonized Tariff Schedule of the United States (HTS) followed by the symbol "A+" in parentheses (the symbol "A+" indicates that all least-developed beneficiary developing countries (LDBDC) (and only LDBDC's) are eligible for duty-free treatment with respect to all articles provided for in the designated provisions). For a variety of reasons, all imports from beneficiary countries under HTS provisions that appear to be eligible for GSP treatment do not always and necessarily receive duty-free entry under the GSP. Such eligible imports may not receive duty-free treatment under GSP for at least five different 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.

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

the rule of law and political pluralism, free trade, and economic policies that will reduce poverty and protect workers rights.[60]

In all, 48 SSA countries are potentially eligible for AGOA benefits. A total of 35 SSA countries had been designated by the President as eligible for AGOA benefits—excluding AGOA textile and apparel benefits—as of December 31, 2001.[61]

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[60] USTR, 2003 *Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act: The Third of Eight Annual Reports*, May 2003, found at *http://www.agoa.gov/resources/annual_3.pdf*, retrieved July 3, 2003.

[61] The 35 countries were: Benin, Botswana, Cameroon, Cape Verde, Central African Republic, Chad, Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger,

Table 2-9
U.S. imports for consumption and imports under GSP from leading beneficiaries and total, 2002

(Million dollars)

Rank	Beneficiary	Total imports	GSP-eligible	GSP duty-free
1	Angola	3,087	3,032	2,826
2	Thailand	14,792	3,818	2,312
3	Brazil	15,581	3,913	2,124
4	India	11,782	3,403	2,041
5	Indonesia	9,616	2,102	1,513
6	Philippines	10,977	1,207	708
7	Venezuela	12,340	908	582
8	South Africa	4,236	762	553
9	Chile	3,557	2,096	513
10	Turkey	3,518	801	469
11	Equatorial Guinea	505	478	401
12	Russia	6,733	659	381
13	Hungary	2,638	612	366
14	Poland	1,096	492	329
15	Czech Republic	1,232	511	299
	Subtotal	101,690	24,794	15,416
	All other	1,049,488	8,822	2,241
	Total	1,151,178	33,616	17,657

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

Côte d'Ivoire was designated as the 36th eligible country on May 16, 2002. On December 31, 2002, the President designated 38 countries as AGOA-eligible under the annual review, adding The Gambia and the Democratic Republic of Congo to the list of 36 countries already designated as eligible.[62] Of the 38 SSA countries designated as eligible for AGOA benefits, 19 have met the additional requirements to qualify for the AGOA textile and apparel trade benefits.[63] In addition, all but 2 of the 19 countries (excluding Mauritius and South Africa) are eligible for lesser-developed beneficiary country (LDBC) benefits, allowing producers in these countries to use third-country fabric—fabrics other than of U.S. or SSA origin—in qualifying apparel (AGOA textile and apparel benefits are described in more detail later in this chapter).

Total U.S. imports from AGOA beneficiaries in 2002 were valued at $14.1 billion, or more than 75 percent of total U.S. imports from all of SSA. U.S. imports under AGOA (including GSP) totaled $9.0 billion, an increase of 10 percent over 2001. These imports were dominated by petroleum products, which totaled $6.8 billion in 2002.

[61]—*Continued*

Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Uganda, and Zambia.

[62] White House, "Statement by the Deputy Press Secretary," found at *http://www.whitehouse.gov/news/releases/2003/01/20030104-1.html*, retrieved Jan. 16, 2003.

[63] The 19 countries are: Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Six countries, Cameroon, Cape Verde, Ghana, Mozambique, Senegal, and Tanzania became eligible for textile and apparel benefits under AGOA in 2002. Botswana and Namibia do not meet the definition of "lesser developed" countries, but were added to the list by the Trade Act of 2002. Rwanda qualified for such benefits in 2003.

Significant increases of U.S. imports from the region were recorded in the following sectors: textiles and apparel (up by 124 percent to $803.3 million); transportation equipment (up by 81 percent to $544.7 million); and agricultural products (up by 38 percent to $212.4 million). Appendix table A-38 shows the leading AGOA products in 2002, and table A-39 shows the overall country distribution of AGOA benefits.

Andean Trade Preference Act

The Andean Trade Preference Act (ATPA) was enacted in 1991 to provide duty-free and reduced-duty treatment to qualifying imports from Bolivia, Colombia, Ecuador, and Peru. The program aims to promote broad-based economic development and viable economic alternatives to coca cultivation and cocaine production by offering Andean products broader access to the U.S. market.[64] ATPA expired on December 4, 2001 but was renewed retroactively on August 6, 2002, under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), part of the Trade Act of 2002.[65] ATPA, as amended by the ATPDEA, is scheduled to expire on December 31, 2006.

A wide range of Andean products are eligible for duty-free entry under ATPA.[66] ATPDEA amended ATPA to provide duty-free treatment for certain products previously excluded from ATPA, including certain textiles and apparel, footwear, petroleum and petroleum derivatives, watches and watch parts, and certain tuna packaged in foil or other flexible airtight packages (not cans). In addition, certain products previously eligible for reduced-duty treatment are now eligible for duty-free entry under ATPA, including certain handbags, luggage, flat goods (such as wallets, change purses, and eyeglass cases), work gloves, and leather wearing apparel. Products that continue to be excluded from ATPA preferential treatment include textile and apparel articles not otherwise eligible for preferential treatment under ATPDEA, and certain agricultural products. Provisions related to textiles and apparel are discussed in more detail later in this chapter. With the exception of tuna in foil or flexible airtight packages, ATPDEA did not grant new benefits to agricultural products. Thus, canned tuna, rum and tafia, and above-quota imports of certain agricultural products subject to tariff rate quotas (primarily sugar, beef, and dairy products), remain excluded from the program.

The four ATPA beneficiaries were not automatically eligible for ATPDEA preferences. ATPDEA authorizes the President to designate any ATPA beneficiary as an ATPDEA beneficiary provided that the President determines that the country has satisfied certain requirements, including the provision of protection of intellectual property rights and internationally recognized worker rights. On October 31, 2002, the President designated all four ATPA beneficiaries as ATPDEA beneficiaries.[67]

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[64] For a more detailed description of ATPA, including country and product eligibility, see USITC, *The Impact of the Andean Trade Preference Act, Eighth Report 2001*, publication 3538, September 2002.

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

[66] 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.

[67] "Presidential Proclamation 7616—To Implement the Andean Trade Promotion and Drug Eradication Act," 67 F.R. 67283-67291, Oct. 31, 2002.

U.S. imports from ATPA countries remained stable in 2002 compared to 2001, but U.S. imports under ATPA declined 40 percent over the same time period because the program was not in effect for more than seven months in 2002 (table 2-10). The share of imports from ATPA countries entered under ATPA fell from 18 percent in 2001 to 10 percent in 2002 due to the program's expiration. U.S. imports under ATPA from each of the ATPA beneficiary countries (appendix table A-36) and of most leading products (table A-37) declined in 2002. One major exception was petroleum-related products. Previously excluded from ATPA preferences, U.S. imports of petroleum entered under ATPA for the first time in December 2002 after ATPDEA was implemented. Despite only one month of imports under ATPA, petroleum became the second largest import under ATPA in 2002. Copper cathodes remained the leading import under ATPA.

Because ATPDEA was only implemented on October 31, 2002, imports benefitting from ATPDEA preferences were negligible in 2002, with the exception of petroleum. U.S. imports under ATPDEA totaled $216 million in 2002, of which petroleum-based products accounted for 97 percent, or $210 million.

Caribbean Basin Economic Recovery Act

In 2002, eligible imports from 24 countries and territories in the Caribbean and Central America entered the United States free of duty or at reduced duties under the Caribbean Basin Economic Recovery Act (CBERA).[68] CBERA has been operative since January 1, 1984. The Act, as amended, has no statutory expiration date.[69] CBERA is the trade-related component of the Caribbean Basin Initiative (CBI).[70] President Reagan launched CBI in 1982 to promote export-led economic growth and economic diversification in the countries of the Caribbean Basin.[71]

[68] The 24 countries designated for CBERA benefits are listed in appendix table A-35.

[69] 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.

[70] For a more detailed description of 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.

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

Table 2-10
U.S. imports for consumption from ATPA countries, 2000-02

Item	2000	2001	2002
Total imports from ATPA countries (1,000 dollars)	11,117,225	9,568,661	9,611,482
Total under ATPA (1,000 dollars)	1,981,632	1,674,607	1,000,816
Imports under ATPDEA	0	0	216,112
Total under ATPA, excluding ATPDEA (1,000 dollars)	1,981,632	1,674,607	784,704
ATPA imports percent of total	18	18	10

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

From the beginning of CBERA's implementation, a wide range of Caribbean products had been eligible for duty-free entry under the program. However, there were some important exclusions from duty-free entry, including certain tuna, petroleum and petroleum derivatives, certain footwear, some watches and watch parts, and most textiles and apparel.

The United States-Caribbean Basin Trade Partnership Act (CBTPA), enacted on May 18, 2000, expanded the coverage of preferential tariff treatment for several previously excluded articles. Notably, the list of newly qualifying articles included certain apparel, the assembly of which is an important Caribbean industry, on a basis closer to the trade preferences provided under NAFTA for similar goods from Mexico.[72] CBTPA apparel provisions are discussed in more detail later in this chapter. CBTPA also extended NAFTA-equivalent treatment (rates of duty equivalent to those accorded to Mexican goods under the same rules of origin applicable under NAFTA) to a number of other products previously excluded from CBERA, including certain tuna, petroleum products, certain footwear, and some watches and watch parts.

CBERA beneficiaries are not automatically eligible for CBTPA preferences. Their eligibility for CBERA benefits depends on a number of commitments, including: the implementation of WTO commitments; participation in the Free Trade Area of the Americas (FTAA) process (described in more detail in chapter 4); protection of intellectual property rights and internationally recognized workers' rights; efforts to eliminate the worst forms of child labor; and cooperation with the United States on counternarcotic initiatives. As of the end of 2002, 14 of the 24 CBERA beneficiaries were determined to be fully eligible for CBTPA benefits. Those countries were: Barbados, Belize, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Saint Lucia, and Trinidad and Tobago.

Table 2-11 shows U.S. imports under CBERA during 2000–2002. Imports under CBERA as enhanced with CBTPA began to enter the United States in December 2000; therefore, data for 2000 reflect only one month (December) of expanded CBERA benefits. Imports under enhanced CBERA grew from $8.3 billion in 2001 to $10.0 billion in 2002. Whereas total U.S. imports (preferential and nonpreferential imports combined) from CBERA countries increased only 2.8 percent during 2001–2002, imports under CBERA increased by 20.5 percent. Enhanced CBERA accounted for 47.0 percent of all imports from CBERA beneficiaries in 2002, up from 40.1 percent in 2001. Appendix tables A-34 and A-35 show the leading U.S. imports under CBERA and CBERA imports by source, respectively.

[72] However, CBTPA does not provide complete parity with NAFTA. Various types of apparel made in the CBERA region are excluded from duty-free treatment, including apparel made from fabric that is woven in the region; apparel that is knit using regionally spun yarn instead of U.S.-spun yarn; and apparel made from U.S. fabric that has been dyed and/or finished in the region instead of in the United States. The latter restriction was imposed by subsequent legislation providing the President with Trade Promotion Authority.

Table 2-11
U.S. imports for consumption from CBERA countries, 2000-02

Item	2000	2001	2002
Total imports from CBERA countries (1,000 dollars) . . .	22,161,075	20,678,868	21,254,828
Total under CBTPA (1,000 dollars)	157,004	5,592,870	7,078,010
Total under CBERA, excluding CBTPA (1,000 dollars) . .	2,635,549	2,706,287	2,918,396
Total under CBERA, including CBTPA (1,000 dollars) . .	2,794,174	8,308,171	10,003,260
Percent of CBERA (including CBTPA) of total imports from CBERA countries	13	40	47

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

U.S. Textile and Apparel Trade Program

This section summarizes major developments that occurred during 2002 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 2002, including new developments with China and Taiwan since their accession to the WTO, as well as developments with Pakistan, Cambodia, and Vietnam; new trade preferences for the Andean countries; enhanced trade benefits for countries in sub-Saharan Africa and the Caribbean Basin; and trends in U.S. imports of textiles and apparel.

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 had governed most 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) an additional 17 percent on January 1, 1998; and (3) a third tranche of 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).[73] 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 in 2002. Under the ATC, the trade-weighted average annual growth rate for WTO countries' quotas rose from a pre-ATC rate of 4.9 percent in 1994 to 5.7 percent in 1997, 7.3 percent in 2000, and 9.3 percent in 2002.[74]

U.S. Quota Activity in 2002

The United States has quotas on textiles and apparel from 46 countries, which together accounted for 79 percent of the total value of U.S. imports of such goods in 2002 (table 2-12). 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.[75]

China and Taiwan

China and Taiwan (Chinese Taipei), 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 that were 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 the respective bilateral textile agreements for each country. Effective March 19, 2002, the United States increased the 2002 quotas for both 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.[76]

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[73] The acceleration of quota growth rates is based on rates specified in 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 6–7 percent. Assuming a 6 percent base rate for a major supplier, the annual quota growth rate would be 6.96 percent during 1995–1997, 8.7 percent during 1998–2001, and 11.05 percent during 2002–2004.

[74] USTR, *2003 Trade Policy Agenda and 2002 Annual Report*, p. 96, and selected back issues.

[75] Imports of textiles and apparel from non-WTO members 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.

[76] 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, 66 F.R. 67229 and 66 F.R. 67232, respectively, Dec. 28, 2001.

Table 2-12
Trading partners with which the United States has textile and apparel quotas, as of January 1, 2003, and U.S. imports of textiles and apparel from these partners in 2002

(Million dollars)

Partners	Imports
WTO members subject to the ATC	
Bahrain	202
Bangladesh	1,990
Brazil	332
Bulgaria	146
China	8,744
Colombia	370
Costa Rica	730
Czech Republic	27
Dominican Republic	2,173
Egypt	474
El Salvador	1,709
Fiji	74
Former Yugoslav Republic of Macedonia[1]	44
Guatemala	1,670
Hong Kong	4,032
Hungary	41
India	2,993
Indonesia	2,329
Jamaica	125
Kuwait	29
Macau	1,148
Malaysia	776
Myanmar (Burma)	309
Oman	125
Pakistan	1,983
Philippines	2,042
Poland	61
Qatar	102
Romania	119
Singapore	289
Slovak Republic	9
South Korea	2,881
Sri Lanka	1,526
Taiwan (Chinese Taipei)	2,207
Thailand	2,203
Turkey	1,678
United Arab Emirates	281
Uruguay	2
Non-WTO members subject to section 204 of the Agricultural Act of 1956	
Belarus	41
Cambodia	1,061
Laos	2
Nepal	136
Russia	370
Ukraine	78
Vietnam	952
WTO member subject to the North American Free Trade Agreement	
Mexico	8,619

[1] Acceded to the WTO April 1, 2003.

Source: U.S. Department of Commerce, International Trade Administration, Office of Textiles and Apparel.

A November 1999 U.S.-China market access agreement became part of China's WTO accession package, obligating 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.[77] However, the agreement allows the United States to apply selective safeguards (quotas) on imports of textiles and apparel from China for four 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 four-year period will remain in effect beyond one year, without re-application, unless both countries agree.

On May 19, 2003, the Committee for the Implementation of Textile Agreements (CITA) announced new procedures it will follow in considering requests from the public for textile and apparel safeguard actions as provided for in China's WTO Accession Agreement.[78] If Chinese origin textile or apparel products are found to disrupt markets or to impede the orderly development of trade, the safeguard measure allows the United States as well as other WTO members to request consultations with China in order to ease or avoid such market disruption. In September 2002, CITA had received a petition from the American Textile Manufacturers Institute (ATMI) requesting that safeguards be imposed on imports from China of knit fabric, gloves, certain nightwear, robes and dressing gowns, brassieres, textile luggage, and textured filament yarn for which quotas on imports from China had been removed on January 1, 2002.[79] ATMI cited large increases in China's textile exports of these products in 2002. For example, ATMI noted that China's share of U.S. imports of knit fabric rose from zero to 5 percent between 2001 and 2002; China's share of U.S. imports of brassieres and robes increased from 9 percent to 24 percent, and 5 percent to 25 percent, respectively.[80] No action was taken on ATMI's September 2002 petition. On July 24, 2003, CITA received a petition from a coalition of 14 U.S. textile and fiber groups to impose emergency quotas on Chinese knit fabric, dressings gowns, brassieres, and gloves.[81]

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[77] The agreement incorporates the text of an agreement contained in a Memorandum of Understanding between the United States and China of Feb. 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.

[78] CITA, "Procedures for Considering Requests from the Public for Textile and Apparel Safeguard Actions on Imports from China," 68 F.R. 27787, May 21, 2003.

[79] American Textile Manufacturers Institute, "ATMI Calls for New Quotas on Surging Chinese Imports," *News Release*, Sept. 5, 2002, found at *http://www.atmi.org/Newsroom/Releases/pr200302.asp*, retrieved May 6, 2003.

[80] Ibid.

[81] "U.S. Textile Industry Files Petitions for Quotas on Seven Categories of Textiles and Apparel from China," *WorldTrade/INTERACTIVE*, vol. 10, issue 145, found at *http://www.strtrade.com/*, retrieved July 25, 2003, and BNA, "U.S. Textile Industry Asks Administration to Curb Flood of Imports Coming from China," *International Trade Reporter*, July 25, 2003.

Pakistan

Following the terrorist attacks on the United States on September 11, 2001, export demand for Pakistani textiles and apparel fell sharply because of the heightened risk of doing business in Pakistan. In recognition of Pakistan's role in the war against terrorism, in February 2002, the United States announced it would provide increased market access for about $142 million in apparel imports from Pakistan.[82] In this regard, the United States granted Pakistan an increase of 15 percent in the base quota levels for 2002 and a special swing (a shift of unused quota from one category to another) of 25 percent for the years 2002 through 2004 for 14 categories of cotton and manmade-fiber apparel.[83] The United States also granted Pakistan special swing for the years 2002–2004 of 8 percent for cotton trousers, knit shirts, and knit blouses, and 25 percent for cotton and manmade-fiber underwear and men's and boys' woven shirts. All of the special swing will be taken only from textile (non-apparel) categories. U.S. imports of Pakistani garments eligible for these benefits had an estimated value of $142.6 million in 2002 and $480 million for 2002–2004.

U.S. imports of textiles and apparel from Pakistan in 2002 rose by 16 percent over the 2001 level to 2.5 billion square meter equivalents (SMEs) valued at $2.0 billion, making Pakistan the fourth-largest source by quantity with 6.7 percent of the total import volume and the 14th largest source by value with 2.7 percent of the total import value.

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 three additional years, through December 31, 2004. The MOU provided for an increase in the quota 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. In recognition of Cambodia's progress in reforming labor conditions in its textile and apparel sector during 1999–2001 and, as set forth under the MOU, the United States increased most of Cambodia's quotas for 2002 by 15 percent; that is, a bonus of 9 percent in addition to normal quota increases of 6 percent.[84] On December 4, 2002, the Chairman of CITA directed the Commissioner of Customs to establish the 2003 limits, which included a 12 percent bonus to all of Cambodia's quotas under the Labor Standards provision.[85]

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[82] The White House, "Fact Sheet: Official Working Visit of President Musharraf of Pakistan," Feb. 13, 2002, found at *http://www.whitehouse.gov/news/releases/2002/02*.

[83] Information in the remainder of the paragraph is from U.S. Department of Commerce, Office of Textiles and Apparel, "Apparel Benefits for Pakistan," facsimile to USITC staff, May 29, 2002.

[84] USTR, "U.S.-Cambodian Textile Agreement Links Increasing Trade With Improving Workers' Rights," press release 02-03, Jan. 7, 2002. For further information on the MOU, see USITC, *The Year in Trade: Operation of the Trade Agreements Program, 53rd Report*, USITC publication 3510, May 2002, ch. 5, pp. 5-30 and 5-31.

[85] CITA, "Announcement of Import Restraint Limits for Certain Cotton, Wool and Man-Made Fiber Textile Products Produced or Manufactured in Cambodia," 67 F.R. 72921, Dec. 9, 2002, p. 72921.

U.S. apparel imports from Cambodia in 2002 rose 22 percent by quantity over the 2001 level to 474 million SMEs valued at $1.1 billion, 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 97 percent of total U.S. merchandise imports from Cambodia in 2002.

The U.S.-Vietnam Bilateral Trade Agreement (BTA) entered into force on December 10, 2001.[86] 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.[87] For example, the 2002 NTR duty rate on cotton shirts and blouses, a key apparel import from Vietnam, is 20 percent ad 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.

Following implementation of the BTA, U.S. imports of textiles and apparel from Vietnam rose substantially in 2002 to 358 million SMEs ($952 million), from 32 million SMEs in 2001. Leading apparel imports from Vietnam in 2002 were cotton shirts, blouses, trousers, and sweaters. On April 25, 2003, the United States and Vietnam initialed a bilateral textile agreement that established 24 quotas on Vietnam's exports of textiles and apparel to the United States covering 38 product categories for the period from May 1 to December 31, 2003.[88] The announced quotas represent 80 percent of the full-year quota level. If Vietnam were to fill its full-year quotas for men's and boys' cotton knit shirts and cotton trousers, it would be the largest foreign supplier of knit shirts and second largest supplier of trousers to the United States. For 2004, the bilateral agreement provides for increases in quotas of 7 percent (2 percent for wool products).[89] These limits may be revised, however, if Vietnam becomes a WTO member and the United States applies the WTO agreement to Vietnam.[90]

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[86] USTR, "United States and Vietnam Trade Agreement Takes Effect Today," press release 01-110, Dec. 10, 2001.

[87] As of Jan. 1, 2003, the only countries for which the United States had not granted NTR status were Cuba, Laos, and North Korea.

[88] CITA, "Establishment of Import Limits for Certain Cotton, Wool and Man-Made Fiber Textiles and Textile Products Produced or Manufactured in the Socialist Republic of Vietnam," 68 F.R. 26575, May 16, 2003, p. 26575.

[89] USTR, "Vietnam-U.S. Textile Agreement Summary," found at *http://www.ustr.gov*, retrieved May 2, 2003.

[90] CITA, "Establishment of Import Limits for Certain Cotton, Wool and Man-Made Fiber Textiles and Textile Products Produced or Manufactured in the Socialist Republic of Vietnam," 68 F.R. 26575, May 16, 2003.

Trade Preferences for African, Andean, and Caribbean Basin Countries

On August 6, 2002, President Bush signed into law the Trade Act of 2002 (P.L. 107-210). Section 3108 of the Trade Act of 2002 included many enhancements to the original AGOA provisions and expanded preferential access for apparel imports from sub-Saharan African (SSA) beneficiaries. Title XXXI of the Trade Act of 2002, the ATPDEA, extended for the first time duty-free treatment to imports of certain textiles and apparel made in the Andean countries. Section 3107 of the Trade Act of 2002 amended CBERA to modify the type and quantity of textile and apparel articles eligible for the preferential tariff treatment now accorded to designated CBTPA countries.[91] The expanded trade benefits and other changes concerning textiles and apparel under AGOA, ATPDEA, and CBTPA, are described below.

African Growth and Opportunity Act

Of the 38 SSA countries designated as eligible for AGOA benefits described above, 19 countries have met the additional requirements to qualify for the AGOA apparel trade benefits.[92] Those countries are Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, and Zambia. Six countries—Cameroon, Cape Verde, Ghana, Mozambique, Senegal, and Tanzania—became eligible for apparel benefits in 2002, and Rwanda qualified for apparel benefits in 2003. In addition, all 19 countries, excluding Mauritius and South Africa, are eligible for lesser-developed beneficiary country (LDBC) benefits, allowing producers in these countries to use third-country fabric in qualifying apparel.[93]

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[91] The Trade and Development Act of 2000 authorized duty-free and quota-free treatment for certain textiles and apparel from eligible AGOA and CBERA beneficiaries. The Act also temporarily suspended or reduced U.S. tariffs on imports of certain wool articles. In general, the trade benefits were limited to goods made from yarns or fabrics formed in the United States or a beneficiary country. For further information, see USITC, *Certain Wool Articles: Second Annual Report on U.S. Market Conditions,* investigation No. 332-427, USITC publication 3544, September 2002. The Act also authorized preferential treatment for apparel made in beneficiary countries from fabric or yarn that is not formed in the United States or a beneficiary country, as specified in Annex 401 of NAFTA, or if it has been determined that such fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner in the United States and the President has proclaimed such treatment. For further information on the commercial availability provisions, see USITC, *Apparel Inputs in "Short Supply" (2001): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries, Compilation of Reports Requested in 2001*, investigation No. 332-428, USITC publication 3492, February 2002, and *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African and Caribbean Basin Countries, Compilation of Reports Requested in 2002*, investigation No. 332-436, USITC publication 3581, February 2003.

[92] In order to receive the AGOA apparel benefits, designated AGOA-eligible countries must meet certain additional customs-related requirements. Among other things, they must have an effective visa system to verify that apparel and textile goods are authorized for export in accordance with the required rules of origin to prevent unlawful transshipments and the use of counterfeit documents.

[93] USTR, *2003 Comprehensive Report on U.S. Trade and Investment Policy Toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act: The Third of Eight Annual Reports*, May 2003, found at *http://www.agoa.gov/resources/annual_3.pdf,* retrieved July 3, 2003.

AGOA extended unlimited duty-free and quota-free treatment to apparel assembled in SSA countries from fabrics produced in the United States of U.S. yarns, as well specified quantities of apparel made from "regional fabrics" produced in SSA countries from U.S. or SSA yarns. Section 3108 of the Trade Act of 2002 (AGOA II) included many enhancements to the original AGOA provisions and expanded preferential access for apparel imports from SSA beneficiaries.[94] AGOA II expanded the original caps on imports of apparel made in SSA countries from regional fabrics.[95] A special rule allows apparel entered under the cap from LDBCs to be made of third-country fabrics for the first four years, through September 30, 2004. The amended AGOA also grants LDBC status to Botswana and Namibia. AGOA II also clarifies that certain apparel articles made in SSA countries from U.S. or regional knit-to-shape components are eligible for preferential treatment, as are garments assembled from both U.S.- and regional-cut fabric. It also expanded the definition of knit-to-shape merino wool sweaters eligible for preferential treatment.[96]

U.S. imports of textiles and apparel from SSA countries in 2002 grew by 30 percent over the 2001 level to 304 million SMEs valued at $1.1 billion. Almost all of the imports from SSA countries consisted of apparel and came primarily from Lesotho (84 million SMEs), South Africa (75 million SMEs), Mauritius (47 million SMEs), Kenya (37 million SMEs), Swaziland (25 million SMEs), and Madagascar (22 million SMEs). Imports of apparel increased by 27 percent to 277 million SMEs during 2002, representing less than 1 percent of total U.S. apparel imports in 2002. During 2002, 66 percent of the total quantity of such imports from SSA countries entered under AGOA; 82 percent of those imports were made from third-country fabrics (e.g., Asian) and came from LDBCs, and 17 percent were made of fabrics produced in SSA countries. Almost all of the imports of apparel made in SSA countries from SSA regional fabrics came from South Africa (49 percent) and Mauritius (47 percent) in calendar year 2002.

Andean Trade Preference and Drug Eradication Act

The Andean Trade Promotion and Drug Eradication Act (ATPDEA),[97] extended for the first time duty-free treatment to imports of certain textiles and apparel made in the Andean countries. ATPDEA authorized duty-free and quota-free treatment for imports of qualifying textile and apparel articles made in Andean countries from fabrics made

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[94] President, "Proclamation: To Implement Modifications to the Caribbean Basin Economic Recovery Act and the African Growth and Opportunity Act," Nov. 14, 2002, found at *http://www.whitehouse.gov/news/releases/2002/11/20021114-4.html*, retrieved July 3, 2003.

[95] The caps were expanded from 1.5 percent of total U.S. apparel imports by quantity in the preceding 12-month period to 2.17 percent for the one-year period beginning on Oct. 1, 2002 and rising in each succeeding one-year period in equal increments, to 3.5 percent in the final one-year period beginning on Oct. 1, 2007. The annual cap on textile and apparel imports from AGOA countries was filled by almost 17 percent during the first one-year period which began on Oct. 1, 2000, and by almost 60 percent during the second one-year period. Most of the imports under the cap in the first and second years consisted of apparel made from third-country fabrics in LDBCs (85 percent in both years).

[96] The definition was expanded from those made of wool with a fiber diameter of 18.5 microns or finer to those made of wool with a fiber diameter of 21.5 microns or finer.

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

in the United States of U.S. yarns and dyed, printed, and finished in the United States, as well as specified quantities of apparel made from "regional knit or woven fabrics" formed in these countries. The cap on U.S. imports of apparel from the Andean countries made from regional knit or woven fabrics was set at 2 percent of the aggregate square meter equivalent of total U.S. imports of apparel for the one-year period beginning October 1, 2002, and increased in each of the four succeeding one-year periods by equal increments up to a maximum of 5 percent for the period beginning October 1, 2006. In 2002, U.S. imports of textile and apparel articles from the Andean countries accounted for only 0.5 percent of total U.S. sector imports. Inclusion of the regional fabric provisions was important to the Andean countries, because these countries, particularly Colombia and Peru, also have an established textile industry. The principal apparel provisions in the ATPDEA are summarized in table 2-13.

U.S. imports of textiles and apparel from the Andean countries in 2002 rose by 10 percent over the 2001 level to 193 million SMEs valued at $800 million. Most of the Andean shipments came from Peru (33 percent of the quantity and 49 percent of the value) and Colombia (57 percent of the quantity and 46 percent of the value). The trade-weighted average duty on textiles and apparel from the ATPA countries was 16.9 percent ad valorem in 2002. Because the United States implemented the ATPDEA textile and apparel provisions on October 31, 2002, and because of way in which entries were recorded and data collected, it is unclear how much textile and apparel trade entered under ATPDEA in 2002; nevertheless, the level of these imports is believed to have been small.

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 FTAA[98] or a comparable free-trade agreement between the United States and CBERA countries enters into force. The preferential treatment is available to the 24 designated CBTPA beneficiaries, provided that they meet certain customs-related requirements under the CBTPA. As of May 1, 2003, 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 fabrics made in the United States of U.S. yarns, as well as limited quantities of apparel produced from "regional knit fabrics" formed in those countries from U.S. yarns.[99] Section 3107 of the Trade Act of 2002 amended CBERA to modify

[98] The FTAA is discussed in more detail in chapter 4.

[99] 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).

Table 2-13
ATPDEA: Key textile and apparel provisions

Apparel assembled in one or more ATPDEA beneficiaries from fabrics or fabric components wholly formed or components knit-to-shape in the United States:
From U.S. or Andean yarn. Knit and woven fabrics must be dyed, printed, and finished in the United States.

Apparel assembled from Andean fabrics or fabric components formed or components knit-to-shape of llama, alpaca, or vicuña:
From ATPA yarn. Components must be in chief value of llama, alpaca, or vicuña.

Apparel assembled in ATPDEA countries from fabrics or yarns deemed to be in "short supply" in the United States, as identified in Annex 401 of NAFTA:
Such yarns and fabrics include fine-count cotton fabrics for nightwear and certain underwear; linen; silk; cotton velveteen and fine-wale corduroy fabrics; certain hand-woven Harris Tweed wool fabrics; certain woven wool fabrics made with fine animal hair; certain lightweight, high-thread count polyester-cotton woven fabrics; and certain lightweight, high-thread count woven fabrics for use in men's and boys' shirts.

Apparel assembled in ATPDEA countries from fabrics or yarns deemed not available in commercial quantities at the request of any interested party:
President determines that such fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner based upon advice from the appropriate advisory committee and the USITC within 60 days after the request.

Apparel assembled in ATPDEA countries from regional fabrics or regional components formed or knit-to-shape in the region:
From U.S. or Andean yarn. Subject to cap.

Size of regional cap:
Maximum 2 percent of the aggregate square meter equivalents of all apparel articles imported into the United States in the preceding 12-month period, increased in equal increments in each succeeding one-year period to a maximum of 5 percent for the period beginning October 1, 2006.

Certified handloomed, handmade, and folklore articles:
Originating in Andean countries.

Certain brassieres cut and sewn or otherwise assembled in the United States, or one or more ATPDEA countries, or both:
Total costs of U.S. fabric components in preceding one-year period must be at least 75 percent of the aggregate declared customs value of the fabric (exclusive of all findings and trimmings) contained in all brassieres entered in that period.

Apparel assembled in Andean countries that contain findings or trimmings of foreign origin:
If such findings or trimmings do not exceed 25 percent of the cost of the components of the assembled product.

Apparel assembled in Andean countries that contain certain interlinings of foreign origin:
If the value of such interlinings (and any findings and trimmings) does not exceed 25 percent of the cost of the components of the assembled article.

Apparel assembled in Andean countries that contain yarns not wholly formed in the United States or in one or more ATPDEA countries:
If the total weight of such yarns does not exceed 7 percent of the total weight of the good.

Textile luggage assembled in Andean countries from U.S. fabrics:
Must be of U.S. yarn.

Duration:
December 31, 2006

Source: Compiled by the Commission.

the type and quantity of textile and apparel articles eligible for the preferential tariff treatment accorded to designated CBTPA countries.[100] The modifications greatly expand the original caps on duty-free benefits for apparel made from regional knit fabric.[101] The T-shirt cap was raised from 4.2 million dozen to 4.9 million dozen for the one-year period beginning on October 1, 2001, increasing in the three succeeding one-year periods to 9 million, 10 million, and 12 million dozen, respectively, and remaining at that level through September 2008. The cap on other knit apparel was also expanded to 500 million SMEs during the one-year period beginning on October 1, 2002, rising in the two succeeding 1-year periods to 850 million and 970 million SMEs, and remaining unchanged thereafter. The Trade Act of 2002 also clarified that preferential treatment is to be provided for knit-to-shape garments assembled in CBERA countries[102] and added 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 Trade Act of 2002 also amended CBTPA to require that the dyeing, printing, and finishing of U.S.-knit or -woven fabrics used in apparel from CBERA countries must be performed in the United States in order for the garments to qualify for CBTPA duty-free treatment, effective for imports of apparel articles and entered on or after September 1, 2002. The U.S. textile industry had expressed concern about the CBTPA dyeing, printing, and finishing requirement. The CBPTA granted preferential treatment to qualifying apparel articles assembled in CBERA countries from "fabrics wholly formed in the United States" of U.S. yarns, but the CBTPA did not define "fabrics wholly formed in the United States," raising the question of whether the fabrics had to be dyed, printed, and finished in the United States or whether they could also be dyed, printed, and finished in CBERA countries. The interim regulations issued by the U.S. Customs Service to implement the trade benefit provisions of the CBTPA did not specifically address the dyeing, printing and finishing issue.[103] In the absence of a specific statutory requirement or regulation, the Customs Service granted preferential treatment to imports of qualifying apparel articles assembled in CBERA countries from U.S.-formed knit or woven fabrics, regardless of whether the fabrics were dyed, printed, and finished in the United States or in CBERA countries. Industry sources in

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[100] President, "Proclamation: To Implement Modifications to the Caribbean Basin Economic Recovery Act and the African Growth and Opportunity Act," Nov. 14, 2002, found at *http://www.whitehouse.gov/news/releases/2002/11/20021114-4.html*, retrieved July 3, 2003.

[101] The Trade Act of 2002 extended preferential treatment to socks (previously excluded) if they are knit to shape in the United States of U.S. yarn. However, socks knit to shape in the CBERA countries of U.S. yarn are still excluded from preferential treatment.

[102] The interim regulations issued by the U.S. Customs Service to implement the trade benefit provisions of the CBTPA had stipulated that knit-to-shape garments were 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 Report 107-290, Nov. 14, 2001, p. 18.

[103] In the interim regulations that became effective on Oct. 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." 65 F.R. 59650

Guatemala indicated that the new dyeing, printing, and finishing provision prompted some CBERA producers to buy less expensive Asian yarns and fabric and forego CBTPA preferences.[104]

U.S. imports of textiles and apparel from CBERA countries in 2002 increased by 3 percent over the 2001 level to 3.8 billion SMEs, valued at $9.5 billion. The imports consisted almost entirely of apparel. The caps on knit apparel had fill rates of 99 percent for the outerwear T-shirts and 52 percent for other knit apparel for the one-year period beginning on October 1, 2001. More than two-thirds of U.S. imports of textiles and apparel from the Caribbean Basin countries in 2002 consisted of cotton apparel, primarily knit shirts and blouses, and trousers and shorts. In 2002, 66 percent of the total volume of U.S. textile and apparels from CBERA countries received CBTPA duty-free treatment, 17 percent received reduced-duty treatment under HTS heading 9802.00.80, and the remaining 17 percent were subject to duties at the normal trade relations rates. Industry sources report that "U.S. companies have looked to the CBTPA program primarily to achieve duty savings on existing trade and not to redirect sourcing currently placed elsewhere."[105]

Rules of Origin

On January 11, 2002, India requested consultations regarding the rule of origin for textiles and apparel products set out in Section 334 of the Uruguay Round Agreements Act, Section 405 of the Trade and Development Act of 2000, and the Customs regulations implementing these provisions.[106] India claimed that the rules set out in Section 334 and changes made in Section 405 negatively affected textile trade and appeared to serve trade policy purposes in violation of the Agreement on Rules of Origin. Consultations with India took place in the winter and spring of 2002 and a panel on this issue was established on June 24, 2002 and composed on October 10, 2002. A first meeting of the Parties with the Panel was held on December 12 and 13,

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[104] U.S. Department of State telegram, "Life After Quotas," message No. 160692, prepared by U.S. Embassy, Guatemala, Oct. 31, 2002.

[105] Executive Vice President, American Apparel and Footwear Association, "Caribbean Basin Trade Partnership Act—2002 Review of Apparel Provisions," Apr. 2003.

[106] Section 405 of the Trade and Development Act of 2000 changed the rules or origin for certain dyed and printed fabrics and flat goods (e.g., bedsheets and scarves). Under the previous rules of origin which were implemented on July 1, 1996, as required by section 334 of the Uruguay Round Agreements Act, the country of origin for fabrics and flat goods was the country in which the base fabric was made, regardless of any further finishing operations in other countries. For nonwool fabrics and for flat goods made from nonwool and noncotton fabrics (containing less than 16 percent by weight of cotton), the legislation restored the rules of origin in effect before July 1996, which permitted the processes of dyeing and printing to confer origin, when accompanied by two or more finishing operations. The Clinton administration had requested the rules change in order to implement the terms of an August 1999 agreement with the EU settling a dispute over the rules. For more information on the rules of origin issue, see USITC, *The Year in Trade: Operation of the Trade Agreements Program, 52nd Report*, USITC publication 3428, June 2001, ch. 5, p. 5-30.

2002.[107] On June 20, 2003, the WTO panel that had examined India's complaint found that India had failed to establish that the U.S. measures are inconsistent with the WTO Agreement on Rules of Origin.[108]

U.S. Textile and Apparel Trade in 2002

U.S. imports of textiles and apparel rebounded significantly in 2002 from a small decline in the previous year, rising by 17 percent to 38.6 billion SMEs valued at $72.2 billion.[109] The import growth largely reflected a surge in shipments from China of 125 percent by quantity and 34 percent by value, to 5.0 billion SMEs valued at $8.7 billion. As a result, China supplanted Mexico as the largest supplier of U.S. textile and apparel imports both by quantity and value with 13 percent of the quantity and 12.1 percent of the value. The increase in sector imports from China was concentrated in products that were integrated into the GATT by the United States in 1998 and 2002, but for which China did not become eligible for quota liberalization under the ATC until its accession to the WTO on December 11, 2001. China's shipments of integrated products grew from slightly less than 1 billion SMEs in 2001 to almost 3.6 billion SMEs in 2002; shipments in 2002 consisted mostly (2.6 billion SMEs) of made-up textile articles, particularly textile-based luggage. By contrast, China's shipments of textile and apparel articles, which will be integrated on January 1, 2005, grew at a much lower rate, from 1.2 billion SMEs in 2001 to almost 1.4 billion SMEs in 2002.

U.S. imports of textiles and apparel from Mexico and the CBERA countries partially recovered in 2002, rising by 1 percent over the 2001 level to 4.3 billion SMEs (valued at $8.6 billion) and by 3 percent to 3.8 billion SMEs (valued at $9.5 billion), respectively. However, as a group the CBERA countries's share of total U.S. sector imports shrank from 11.3 percent in 2001 to 10 percent in 2002. Although both Mexico and the CBERA countries benefit from preferential market access, their respective shares of U.S. textiles and apparel in 2002 declined by 1.8 and 1.3 percentage points from the 2001 level to 11.3 percent and 10.0 percent, respectively.

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[107] USTR, "2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program," Mar. 2003, p. 61.

[108] WTO, "United States—Rules of Origin for Textiles and Apparel Products: Report of the Panel," WT/DS243/R, June 20, 2003, p. 124, found at *www.wto.org/english/tratop_e/dispu_e/243_e.pdf*, retrieved June 20, 2003.

[109] 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.

U.S. textile and apparel imports from Asia in 2002 rose by 25 percent over the 2001 level to 22 billion SMEs (valued at $38.9 billion) and accounted for 58 percent of total U.S. sector imports. China accounted for most of the increase in imports from Asia. Imports of textiles and apparel from several other leading Asian suppliers also rose substantially—imports from Korea increased by 47 percent to 2.0 billion SMEs (valued at $2.9 billion) and imports from Pakistan grew by 16 percent to 2.5 billion SMEs ($2.0 billion). Imports from the Association of Southeast Asian Nations (ASEAN) countries[110] rose by 9 percent to 4.8 billion SMEs ($10.2 billion).

[110] ASEAN members are: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Burma (Myanmar), the Philippines, Singapore, Thailand, and Vietnam.

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

This chapter reviews selected activities in 2002 of the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Asia Pacific Economic Cooperation (APEC) forum. 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. APEC is an intergovernmental group established to discuss matters of common interest among countries of the Pacific rim.

World Trade Organization

Doha Round of Multilateral Trade Negotiations

Multilateral trade negotiations were launched at the WTO Fourth Ministerial Conference in Doha, Qatar, in November 2001. Negotiations are scheduled to be completed by January 1, 2005. In 2002, negotiations initiated as part of the Doha Development Agenda focused on organizing and commencing discussions on subjects added at the Fourth Ministerial Conference. Negotiations already underway from preexisting mandates embedded in the 1986–93 Uruguay Round Agreements—such as negotiations on agriculture, services, and geographical indications—continued as well in 2002. Both tracks sought to reach a broad agreement in principle on modalities for negotiations in their respective areas by the first half of 2003. Initial attempts have been unsuccessful as of June 2003 in several areas such as agriculture, nonagricultural market access, and aspects concerning trade and development or implementation issues, while they have been more successful in other areas such as services. Negotiating modalities—agreed principles on how to proceed with specific negotiations for each subject—would allow the final stage of negotiations to be held during 2003–2004. The WTO Fifth Ministerial Conference, to be held in Cancun, Mexico, in September 2003, is to review these various modalities and in general to take stock of where talks stand on all issues currently under discussion. Figure 3-1 summarizes the work program of the Doha declaration and other related texts.

Figure 3-1
WTO Doha Declaration and related texts

Ministerial Declaration[1]
Adopted on November 14, 2001

WORK PROGRAM
Implementation-Related Issues and Concerns
Agriculture
Services
Market Access for Nonagricultural Products
Trade-Related Aspects of Intellectual Property Rights (TRIPs)
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 PROGRAM
Declaration on the TRIPs Agreement and Public Health[2]
Adopted on November 14, 2001

Implementation-Related Issues and Concerns[3]
Decision of November 14, 2001

[1] WTO, *Ministerial Declaration—Adopted on 14 November 2001*, WT/MIN(01)/DEC/1, Nov. 20, 2001, Ministerial Conference, Fourth Session, Doha, Qatar, Nov. 9-14, 2001.
[2] WTO, *Declaration on the TRIPS Agreement and Public Health—Adopted on 14 November 2001*, WT/MIN(01)/DEC/2, Nov. 20, 2001, Ministerial Conference, Fourth Session, Doha, Qatar, Nov. 9-14, 2001.
[3] WTO, *Implementation-Related Issues and Concerns—Decision of 14 November 2001*, WT/MIN(01)/17, Nov. 20, 2001, Ministerial Conference, Fourth Session, Doha, Qatar, Nov. 9-14, 2001.

Trade Negotiating Council

Negotiations are being held in either special sessions of already established WTO committees or councils, or in newly established negotiating groups, as follows:

- Committee on Agriculture, Special Session
- Council for Trade in Services (CTS), Special Session
- Council for Trade-Related Aspects of Intellectual Property Rights (TRIPs), Special Session
- Dispute Settlement Body (DSB), Special Session
- Committee on Trade and Environment (CTE), Special Session

- Committee on Trade and Development (CTD), Special Session
- Negotiating Group on Nonagricultural Market Access, and
- Negotiating Group on Rules.

Implementation-Related Issues and Concerns

At the December 2002 meeting of the Trade Negotiations Committee (TNC), the WTO Director-General concluded that the committees working on implementation-related issues and concerns mandated at Doha in 2001 had not yet reached agreement on definitive solutions for most of the outstanding issues, based on the committees' year-end reports.[1] He noted that it was unclear for the present whether WTO members wished to resolve these implementation issues or agree that no further action was required, continue work on them in their current venues (either under some deadline or until resolution) or refer them to a negotiating body, or address these issues at the level of the TNC.

Agriculture

The negotiations on agriculture began in March 2000, as mandated under the WTO Agreement on Agriculture, Article XX—negotiations in one of several areas that preceded the launching of multilateral trade negotiations at the Doha ministerial conference. Initial proposals were presented under phase 1, from March 2000 to March 2001, on topics concerning trade in agriculture grouped around three key areas—market access (i.e., reductions in agricultural tariffs and increases in tariff-rate quotas), export subsidies, and domestic support. Phase 2, from May 2001 to March 2002, focused on exploring in greater depth the proposals presented in phase 1.

In the year from March 2002, negotiators sought to reach agreement on a "First Draft of Modalities for Further Commitments." Whereas the negotiations made progress in technical talks and considerable progress in some areas, the basic positions of participants remained far apart on key issues at the end of 2002. By the scheduled deadline for a first draft, due on March 31, 2003, the chairman confirmed that the group had failed to reach a set of common modalities for further negotiations and that, without guidance from participants on where convergence was possible on key elements, there was no scope at this time to attempt another draft.[2] The negotiators—once agreed on a first draft of negotiating modalities—are to prepare a

[1] The bodies focusing on these implementation issues (and their reports) are the Council for Trade in Goods (G/L/588), Balance of Payments (BOP) Committee (WT/BOP/R/66), Committee on Trade and Development (WT/COMTD/45), Customs Valuation Committee (G/VAL/49), Market Access Committee (G/MA/118), Sanitary and Phytosanitary Measures (SPS) Committee (G/SPS/24), Technical Barriers to Trade (TBT) Committee (G/TBT/W/191), and Safeguards Committee (G/SG/59).

[2] WTO, Committee on Agriculture, Special Session, Eighteenth Special Session of the Committee on Agriculture—Report by the Chairman, Stuart Harbinson, to the Trade Negotiations Committee, TN/AG/9, Apr. 8, 2003.

comprehensive draft of commitments on trade in agriculture in time for the WTO Fifth Ministerial Conference in Cancun, Mexico in September 2003.[3]

On July 25, 2002, the United States announced a market access proposal to reform the rules of global agricultural trade by substantially reducing global trade barriers, reducing trade-distorting subsidies, and eliminating export subsidies.[4] Under the U.S. proposal, which was presented to the WTO on July 29, 2002, all WTO members would significantly reduce agricultural tariffs, cutting the average the average allowable global tariff from 62 percent to 15 percent; reduce allowable trade-distorting subsidies by setting a cap for each country of no more than 5 percent of the value of agricultural production; and eliminate export subsidies over five years.[5]

Services

The negotiations on trade in services began in February 2000, under the WTO General Agreement on Trade in Services (GATS), Part IV, Article XIX—another of the areas where negotiations were launched prior to the Doha ministerial meeting. In phase 1 negotiations, from November 2000 to March 2001, participants adopted negotiating guidelines and procedures and considered submitted proposals. In phase 2, from March 2001 to March 2002, participants discussed proposals from phase 1 in greater detail. The principal areas discussed touched on horizontal issues that affect all service sectors,[6] vertical issues that affect individual service sectors,[7] as well as additional topics and proposals.[8] In 2002, market-access negotiations progressed quickly, according to participants, although not always evenly across various issues.[9] On July 1, 2002, the United States announced proposals for liberalizing global trade in services.[10] The U.S. services proposals were in the form of a list of specific requests from the United States for other countries to lower their trade barriers in areas such as

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[3] For a description of the major negotiating positions to date in the agriculture negotiations, see Jonathan R. Coleman and Joanna L. Bonarriva, "WTO Agricultural Trade Negotiations: A Third Update," United States International Trade Commission (USITC), *Industry Trade and Technology Review*, April 2003, USITC publication 3602.

[4] USTR, "Administration Unveils Comprehensive U.S. Trade Proposal to Expand American Farmers' Access to Overseas Markets; Zoellick & Veneman Launch Initiative to Reduce Global Trade Barriers and Slash Trade-Distorting Subsidies," press release 02-77, July 25, 2002.

[5] Robert B. Zoellick, United States Trade Representative, "Bringing Down the Barriers," *Financial Times*, July 26, 2002, p. 21.

[6] These horizontal issues included GATS Art. IV on increasing participation from developing countries, GATS Art. VII on recognition, the treatment of small and medium-sized enterprises as service suppliers, the transparency of domestic services regulations, and various classification issues involving services.

[7] The individual service sectors included business, communication, construction, distribution, educational, energy, environmental, financial, tourist, recreational, and transport services.

[8] For further details, see USITC, *The Year in Trade 2001*, USITC Publication 3510, May 2002, pp. 2-4 to 2-6.

[9] WTO, Council for Trade in Services, Special Session, *Special Session of the Council for Trade in Services—Report by the Chairman to the Trade Negotiations Committee*, TN/S/7, Mar. 13, 2003.

[10] USTR, United States Announces Proposals for Liberalizing Trade in Services: U.S. Leadership Spurs Momentum to Fulfill Doha Agenda," press release 02-63, July 1, 2002.

financial services (including banking and insurance), telecommunications, express delivery, energy services, computer services, distribution services, and environmental services.[11]

Assessment for trade in services

Several major submissions provided a basis for discussions during 2002, including from the United States and China, although some participants noted the limitations faced in conducting an assessment of trade in services such as the lack of accurate statistics for services trade and their ability to collect information in particular areas germane to their exports.[12]

Modalities for the treatment of autonomous liberalization

In March 2003, the CTS special session adopted the draft text developed during 2002 on Modalities for the Treatment of Autonomous Liberalization.[13] This process is to permit a "liberalizing Member" to seek credit for an "autonomous liberalization measure" taken regarding trade in services from a "trading partner" in the course of negotiations. The member seeking credit may seek credit on abilateral, plurilateral, or multilateral basis, but any credit granted is to be awarded through bilateral negotiations. An autonomous liberalization measure involves a unilateral action that applies to any or all service sectors, has been taken since previous negotiations, is deemed compatible with the most-favored-nation (MFN) treatment principles and is in accordance with GATS Article XIX, and involves a country's GATS schedule or terminates an MFN exemption. The text adopted lists a number of possible criteria that could be used to assess the value of an autonomous liberalization measure.[14] Alternatively, the liberalizing Member and the trading partner could agree to use other qualitative or quantitative means—such as a formula, index, ranking method, etc.—to assess the value of such liberalization already undertaken.

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[11] Ibid.

[12] WTO, Council for Trade in Services, Special Session, *Special Session of the Council for Trade in Services—Report by the Chairman to the Trade Negotiations Committee*, TN/S/7, Mar. 13, 2003.

[13] WTO, Council for Trade in Services, Special Session, *Modalities for the Treatment of Autonomous Liberalization—Adopted by the Special Session of the Council for Trade in Services on 6 March 2003*, TN/S/6, Mar. 10, 2003.

[14] These illustrative criteria include (a) the sectoral coverage; (b) the liberalizing nature of the measure, e.g. elimination of market-access restrictions, or of measures inconsistent with national or most-favored-nation (MFN) treatment; (c) the date of entry into force and duration of the measure; (d) the share of the sector in the total trade of the trading partner; (e) the share of the trading partner in the total trade of the sector liberalized by the liberalizing Member; (f) the impact of the autonomous liberalization measure on the liberalizing Member's economy; (g) the market potential in the liberalizing Member's economy for the trading partner; (h) opportunities for the expansion of foreign participation in the sector after introduction of the measure; and (i) whether the measure has already been scheduled.

Modalities for the special treatment for least-developed country members

Participants held discussions based on a draft text submitted by Zambia on behalf of the least developed countries (LDCs). Although not completed by the end of 2002, a revised draft concerning special treatment for LDCs regarding the services negotiations is expected in 2003 following further review.[15]

Proposals relating to the negotiations under article XIX

Members agreed that the market-access negotiations in services were moving forward quickly, although progress was not even.[16] Members began tabling requests for market access in services in July 2002, with initial offers tabled beginning in April 2003. Participants noted imbalances between market-access negotiations versus negotiations on rules, negotiations involving services supplied through a commercial presence ("mode 3" under GATS definitions) versus those supplied through the presence of natural persons ("mode 4"), and bilateral versus multilateral approaches. The fifth ministerial conference in September 2003 is to provide a venue to take stock of the services negotiations.

Market Access

The Negotiating Group on Market Access was established by the Doha declaration and began its formal work in April 2002. By the end of 2002, a number of proposals had been received from which approximately 18 individual issues had been identified: product coverage, elimination of tariffs, core modality and supplementary approaches, elimination of low/nuisance duties, tariff peaks, tariff escalation and high tariffs, bindings/binding coverage, binding overhang, base rates, base year, nomenclature, implementation periods and staging, credit for autonomous liberalization, non-ad valorem duties, simplification of tariff structures, export taxes, initial negotiating rights, and erosion of preferential margins.[17] The group also considered market-access issues as they affect newly acceded members and least-developed countries. In addition, the group looked at the 18 issues identified from the perspective of special and differential treatment or the possibilities for less than full reciprocity in reduction commitments. The group worked toward the target date of May 31, 2003 for agreement on modalities for negotiations on tariffs and nontariff barriers.[18] These modalities would decide how the participants would conduct their tariff-cutting exercise and nontariff barrier reductions, whether by a formula such as

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[15] WTO, Council for Trade in Services, Special Session, *Special Session of the Council for Trade in Services—Report by the Chairman to the Trade Negotiations Committee*, TN/S/7, Mar. 13, 2003.

[16] WTO, Council for Trade in Services, Special Session, *Special Session of the Council for Trade in Services—Report by the Chairman to the Trade Negotiations Committee*, TN/S/7, Jan.m20, 2003.

[17] WTO, Negotiating Group on Market Access, *Overview of Proposals Submitted*, TN/MA/6, Feb. 5, 2003.

[18] WTO, Negotiating Group on Market Access, *Negotiating Group on Market Access—Report by the Chairman*, Ambassador Girard, to the Trade Negotiations Committee, TN/MA/8, Feb. 27, 2003.

was done in the Kennedy and Tokyo Rounds, by request/offer proposals for product-by-product cuts as was done in the Uruguay Round, some combination of both, or an alternate approach. Differences between developed- and developing-country participants over the scope of the chairman's draft modalities led to this deadline passing without an agreed text.[19]

Intellectual Property

Negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits was another issue, like agriculture and services, that was mandated through embedded provisions in the Uruguay Round Agreements. In March 2000, the council overseeing the WTO Agreement for Trade-Related Aspects of Intellectual Property Rights (TRIPs)—the Council for TRIPs or "TRIPs Council"—held its initial and extensive discussion regarding the review of the WTO TRIPs Agreement and negotiations called for under Article 23 of the TRIPs Agreement to establish such a notification and registration system for geographical indications for wines and spirits. Progress toward actual negotiations proved slow, however, in part because some WTO members considered that mandated reviews embedded in the agreements should first address the current agreements' impact on trade and development prospects for developing countries before additional disciplines are negotiated—such as the mandated negotiation of a multilateral register for wines and spirits' geographical indications.[20]

Negotiations on intellectual property under the Doha declaration began in early 2002, held in special sessions of the Council for TRIPs. The council has a mandate to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the fifth ministerial conference scheduled for September 2003. By the end of 2002, discussions had been held concerning issues such as the definition of the term "geographical indications" (GIs); the eligibility of GIs for inclusion in the system; the purpose of the notification and registration system; and the procedures, costs, and possible venues that might correspond with the term "system of notification and registration."[21]

The chairman noted that positions remained quite divided at the end of 2002.[22] Although some common ground existed such as the mechanics of notification, there remained a split regarding issues such as opposition, and the legal effect of registration and participation. This division largely reflected the difference between

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[19] Trade Reports International Group, "Missing Yet Another Doha Deadline," *Washington Trade Daily*, vol. 12, No. 105, May 27, 2003.

[20] WTO, "Intellectual property council debates call to expand geographical indications protection," press release (unnumbered/undated), found at *http://www.wto.org/english/news_e/news00_e/trips_e.htm*, retrieved Mar. 20, 2001.

[21] WTO, Council for Trade-Related Aspects of Intellectual Property Rights, Special Session, *Fifth Special Session of the Council for TRIPS—Report by the Chairman, Ambassador Eui-yong Chung, to the Trade Negotiations Committee*, TN/IP/5, Feb. 28, 2003.

[22] Ibid.

the U. S. and EU views of how such a system should operate. The United States and others proposed a nonbinding register of GIs that could be referenced when a country needs to decide under national law whether or not to protect a particular geographic indication.[23] Alternatively, the EU proposed a register that would impose legal obligations to reserve the use of listed geographic indications. The chairman agreed to hold consultations with participants on how to accelerate the group's work so as to conclude negotiations on a notification and registration system by the scheduled deadline, and offered to prepare a negotiating text on his own responsibility if necessary to help accelerate the talks.[24]

TRIPs Agreement and Public Health

The Doha ministerial declaration on the TRIPs Agreement and Public Health[25] instructs the Council for TRIPs in paragraph 6 to find an expeditious solution to difficulties that WTO members might encounter in making effective use of compulsory licensing, if faced with insufficient or no pharmaceutical manufacturing capacity. In 2002, the council discussed the issue, compiling information on existing patents that concern the diseases mentioned in the declaration, manufacturing capacities for medicines, and the legal frameworks in which these patents and their manufacturing elements operate.[26] The council also looked into the circumstances under which past waivers had been granted to the WTO, as well as provisions relevant to safeguards against the diversion of products that would be supplied under a compulsory licensing system.[27]

In addition, the council adopted the decision on the "Extension of the Transition Period under Article 66.1 of the TRIPs Agreement for Least-Developed Country Members for Certain Obligations with Respect to Pharmaceutical Products," which extends the transition period for LDCs to meet their TRIPs implementation requirements until January 1, 2016.[28] The council similarly approved a draft waiver for LDCs from their obligations under TRIPs Article 70.9 to permit exclusive marketing rights until the same date in 2016. The draft waiver was adopted by the WTO General Council in July 2002.[29]

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[23] WTO, Council for Trade-Related Aspects of Intellectual Property Rights Special Session, "Proposal for a multilateral system for notification and registration of geographical indications for wines and spirits based on Article 23.4 of the TRIPs Agreement—Communication from Argentina, Australia, Canada, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Japan, Namibia, New Zealand, the Philippines, Chinese Taipei, and the United States," TN/IP/W/5, Oct. 23, 2002, found at *http://www.wto.org*, retrieved July 23, 2003.

[24] WTO, Council for Trade-Related Aspects of Intellectual Property Rights, Special Session, *Fifth special session of the Council for TRIPS—Report by the Chairman, Ambassador Eui-yong Chung, to the Trade Negotiations Committee*, TN/IP/5, Feb. 28, 2003.

[25] 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.

[26] WTO, *Annual Report (2002) of the Council for TRIPS*, IP/C/27, Dec. 6, 2002.

[27] Ibid.

[28] Ibid.

[29] Ibid.

Rules

The Negotiating Group on Rules was established by the Doha ministerial conference, beginning work in February 2002. At Doha, ministers agreed to negotiations to clarify and improve disciplines concerning antidumping and subsidies—explicitly including mention of fisheries subsidies—as well as provisions on regional trade agreements (RTAs). During 2002, the group received 64 submissions concerning these three subject areas of antidumping, subsidies, and RTAs. The chairman noted that at the end of 2002 progress had been uneven. He reported that the group had agreed at the start of the year to proceed in two stages—to identify the provisions that require clarification, and to negotiate clarifications and improvements to those provisions.[30]

The chairman viewed issue identification to be well advanced regarding antidumping, and to a lesser degree regarding countervailing measures, leaving this work largely on track. However, issue identification was limited regarding multilateral disciplines on subsidies. Progress on fisheries subsidies was reported as particularly slow, with no specific proposals to date and a group that is sharply divided on whether to undertake sector-specific work despite its explicit mention in the Doha declaration. Issue identification regarding RTAs, was reported as essentially completed, and participants began to informally tackle the issue of RTA transparency as a priority for negotiation and address systemic issues in formal meetings. The group is to take stock of where negotiations stand at the ministerial conference in September 2003.[31]

Dispute Settlement

The 1994 Uruguay Round Ministerial Decision on the Application and Review of the Understanding on Rules and Procedures Governing the Settlement of Disputes called for a full review of the dispute settlement rules and procedures by January 1999. Stemming from the review's discussions, the Doha declaration called for negotiations to clarify and improve the provisions of the Dispute Settlement Understanding by May 2003. To that end, the WTO Dispute Settlement Body organized special sessions for such negotiations that, once concluded, are to have their results adopted as soon as possible thereafter according to the ministerial decision. This schedule and arrangement make the dispute settlement negotiations the one subject of the Doha multilateral trade negotiations that is not part of the single undertaking, but instead is a separate negotiation held in parallel with the rest of the negotiations.

During 2002, participants completed an initial discussion of negotiating proposals "issue-by-issue" under the 12 categories set out in the chairman's "checklist."[32] As a

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[30] WTO, Negotiating Group on Rules, *Negotiating Group on Rules—Report by the Chairman to the Trade Negotiations Committee*, TN/RL/4, Feb. 27, 2003.

[31] Ibid.

[32] At the end of 2002, these discussion categories included general provisions, consultations, conciliation and mediation, requests for the establishment of panels/ composition of panels/ terms of reference of panels, panel proceedings, panel working procedures, Appellate Body and appellate review, surveillance of implementation of recommendations of the DSB, compensation and suspension of concessions, third parties, overall timeframes, other issues involving developing and least developed countries. WTO, DSB, Special Session, *Checklist of Issues—Informal Note—Revision*, JOB(02)/86/Rev.6, Dec. 12, 2002.

consequence, the chairman noted that by the end of 2002 general discussions had been held, proposals submitted, and an initial discussion of all issues under the various negotiating proposals had been completed, although clear identification of possible areas of consensus had not yet emerged.[33] Special and differential treatment had been considered an integral part of the process to date; in the view of the chairman, this left the Special Session able to proceed in 2003 to the fourth phase of negotiating draft text.[34]

Trade and Environment

Discussion and negotiations take place in special sessions of the WTO Committee on Trade and Environment (CTE), where work on the Doha agenda began in March 2002. In the Doha declaration, ministers called for negotiations: (1) on the relationship between specific trade obligations set out in multilateral environmental agreements (MEAs) versus those under the WTO; (2) to develop procedures for regular information exchange between the MEA and WTO Secretariats; and (3) to reduce or eliminate tariff and nontariff barriers to environmental goods and services.

Regarding negotiations on the relationship between trade obligations in MEAs versus those in the WTO, much discussion took place during the year on the concepts contained in the mandate.[35] Participants sought to agree on what exactly constituted a multilateral environmental agreement or specific trade obligations under the Doha mandate, as well as which WTO rules might be relevant.[36] Some participants expressed the view that the scope for WTO environmental rules might extend beyond GATT Article XX to other GATT provisions or WTO agreements.[37] By yearend, participants appeared to agree that developing a common understanding of the scope of the negotiating mandate could prove lengthy.[38]

By the close of 2002, delegations had begun to focus on the specific trade obligations[39] set out in a selected list of 14 MEAs developed by the WTO Secretariat as

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[33] WTO, *Special Session of the Dispute Settlement Body—Report by the Chairman,* Ambassador Péter Balàs, to the Trade Negotiations Committee, TN/DS/5, Feb. 4, 2003.

[34] Ibid.

[35] WTO, Committee on Trade and Environment (CTE), Special Session, *Statement by the Chairperson of the Special Session of the Committee on Trade and Environment to the Trade Negotiations Committee*, TN/TE/2, July 4, 2002.

[36] Ibid.

[37] Ibid.

[38] Ibid.

[39] WTO, Committee on Trade and Environment, *Matrix on Trade Measures Pursuant to Selected MEAs—Note by the Secretariat—Revision*, WT/CTE/W/160/Rev.1, June 14, 2001. These MEAs are the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, Cartagena Protocol on Biosafety, Convention on Biological Diversity, Convention on International Trade in Endangered Species of Wild Fauna and Flora, Convention on the Conservation of Antarctic Marine Living Resources, International Commission for the Conservation of Atlantic Tunas, International Plant Protection Convention, International Tropical Timber Agreement, Kyoto Protocol, Montreal Protocol on Substances that Deplete the Ozone Layer, Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Stockholm Convention on Persistent Organic Pollutants, United Nations Fish Stocks Agreement, and the United Nations Framework Convention on Climate Change.

a starting point for discussions.[40] Some participants sought to focus the group's discussions on upcoming MEAs that had not yet entered into force, such as the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Stockholm Convention on Persistent Organic Pollutants, and the Cartagena Protocol on Biosafety. Other participants sought to include in discussions environmental agreements that are regional in character, open to members from a regional group, while other agreements cover specific species that are limited to a region. The group updated previous General Agreement on Tariffs and Trade (GATT) documents that show MEAs that contain trade measures.[41]

Regarding negotiations to develop procedures for regular information exchange between the MEA and WTO Secretariats, the chairman noted that many drew attention to the extensive information exchange mechanisms already in place between the WTO Secretariat, the United Nations Environment Program (UNEP) and MEAs, and called on the negotiations to codify as well as build upon existing practices.[42] The CTE Special Session held its fourth and final meeting in 2002 devoted to information exchange with the MEAs, inviting the Secretariats of the 14 selected MEAs to a one-day joint meeting. Participants at the meeting identified four key areas for information exchange between the MEAs and the WTO: (1) the promotion of sustainable trade; (2) integrated assessment of the impact of trade policies on the environment; (3) economic incentives; and (4) technology transfer.

Regarding negotiations to reduce or eliminate tariff and nontariff barriers to environmental goods, there was broad support for the idea that the negotiations on environmental goods and services be conducted in the Council for Trade in Services Special Session and the Negotiating Group on Market Access on Nonagricultural Products.[43] Some participants worked to encourage the CTE Special Session to clarify the concept of environmental goods and services. Participants raised numerous concerns about this definition, however, such as how products with multiple end-uses are to be classified; whether process and production methods and end-use criteria are needed to categorize an "environmental good"; what implications for "like products" might emerge from using such criteria; how the Harmonized System would capture these differences between goods; and how the concept of "environmental friendliness" might be employed effectively.[44]

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[40] WTO, CTE, Special Session, *Report by the Chairperson of the Special Session of the Committee on Trade and Environment to the Trade Negotiations Committee*, TN/TE/5, Feb. 28, 2003.

[41] WTO, CTE, Special Session, *Matrix on Trade Measures Pursuant to Selected Multilateral Environmental Agreements—Note by the Secretariat*, WT/CTE/W/160/Rev.2, TN/TE/S/5, Apr. 25, 2003.

[42] WTO, CTE, Special Session, *Report by the Chairperson of the Special Session of the Committee on Trade and Environment to the Trade Negotiations Committee*, TN/TE/3, Dec. 2, 2002.

[43] Ibid.

[44] Ibid.

Trade and Development

In the Doha declaration, ministers mandated a review of all special and differential treatment provisions to strengthen them and make them more precise, effective, and operational.[45] In the ministerial decision on Implementation-Related Issues and Concerns,[46] the Committee on Trade and Development (CTD) was charged with (1) identifying mandatory and nonbinding provisions on special and differential treatment, and considering which nonbinding provisions might benefit from being made mandatory and what the resulting implications would be; (2) examining how to make provisions on special and differential treatment more effective; and (3) considering how to incorporate special and differential treatment into the architecture of WTO rules in the context of the work program adopted at the Doha ministerial conference.

The CTD Special Session began work in March 2002 and was to report to the General Council by July 2002. In July 2002, the CTD recommended that its report be postponed until December 2002 because of the large number of issues and proposals presented, and particularly the complexity of bridging the divergent approaches to the issues. The council instructed the committee to report back with clear recommendations for decision by December 31, 2002. The council mentioned in particular proposals regarding special and differential treatment in specific agreements, various cross-cutting issues, the establishment of a mechanism to monitor special and differential treatment, possible institutional arrangements, technical and financial assistance and training, and how special and differential treatment could be incorporated into the architecture of WTO rules. The committee, however, was unable to finalize its report by year end 2002 to make clear recommendations to the council. The General Council again extended the deadline, directing the CTD Special Session to report to the General Council meeting in February 2003.

In February 2003, the CTD Special Session recommended that the council take note of the recommendations made on the 12 agreement-specific proposals[47] that the committee had agreed in principle, but recommended that the council consider their adoption at a later date. Regarding cross-cutting issues, the committee reported that active discussions had been held over issues including the principles and objectives of

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

[46] WTO, Ministerial Conference, Fourth Session, *Implementation-Related Issues and Concerns—Decision of 14 November 2001*, WT/MIN(01)/17, Nov. 20, 2001, para. 12.1.

[47] WTO, Committee on Trade and Development, Special Session, *Report to the General Council*, TN/CTD/7, Feb. 10, 2003, Annex III. By February 2003, 28 proposals had been presented, from which the committee special session drafted 12 agreement-specific proposals concerning: General Agreement on Trade in Services (GATS), Article IV:3; GATS, Article XXV; Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), Article 67; Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries (Enabling Clause): Decision of 28 November 1979; GATS, Article IV; GATS—Annex on Telecommunications, para. 6; Rules Relating to Notification Procedures; Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU), Article 8.10; Agreement on Rules of Origin; Decision on Measures in Favour of Least-Developed Countries, para. 2(v); Agreement on Agriculture, Article 15.2; and the Understanding on Balance of Payments Provisions of GATT 1994, para. 8.

special and differential treatment; coherence; benchmarks; technical assistance and capacity building; transition periods; utilization; trade preferences and related issues, including the Enabling Clause; differentiated treatment; and graduation. Regarding the Monitoring Mechanism, the committee reported some convergence over the role of the mechanism and the information it would need to carry out its work, and also differences such as over the mechanism's institutional structure and its entry into force. The committee reported that only very preliminary discussions had been held on how special and differential treatment might be incorporated in the architecture of WTO rules.

However, in the absence of a committee consensus over clear recommendations, the committee recommended that the General Council suspend further work in the CTD Special Session until the committee's mandate can be clarified, including the means by which the committee's recommendations could be implemented effectively.[48] The General Council agreed, and undertook to hold future consultations on how to move the matter forward.[49]

Work Program Issues

Trade and investment

The Working Group on the Relationship Between Trade and Investment continued its work examining the relationship between trade and investment. It focused on issues of scope and definition, transparency, development, nondiscrimination, exceptions and balance of payments safeguards, consultation and dispute settlement, relationship with other WTO agreements and international investment agreements, foreign direct investment, and technology transfer.[50] The group is to report on its work to the fifth ministerial conference in September 2003.

Trade and competition policy

The Working Group on the Interaction Between Trade and Competition Policy continued its work examining the relationship between trade and competition, focusing on clarifying issues of (1) core principles, including transparency, nondiscrimination, and procedural fairness; (2) provisions on hard core cartels; (3) modalities for voluntary cooperation; and (4) support for progressive reinforcement of

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[48] WTO, CTD, Special Session, *Special Session of the Committee on Trade and Development—Report by the Chairman,* Ambassador Ransford Smith (Jamaica), to the Trade Negotiations Committee, TN/CTD/8, Mar. 4, 2003.

[49] Ibid.

[50] WTO, *Report (2002) of the Working Group on the Relationship Between Trade and Investment to the General Council*, WT/WGTI/6, Dec. 9, 2002.

competition institutions in developing countries through capacity building.[51] The group also considered issues of technical assistance and capacity building, and took stock of national experiences relevant to the subject of trade and competition policy. The group is to report on its work to the fifth ministerial conference in September 2003.

Transparency in government procurement

Work already completed in the Working Group on Transparency in Government Procurement is expected to help toward negotiating a multilateral agreement on transparency in government procurement, but participants in the group have not decided to proceed to negotiate such an agreement. In 2002, the group discussed issues from its work agenda, such as definition and scope of government procurement, issues of transparency, and national procedures and practices.[52] These included publication of information on national legislation and procedures, information on procurement opportunities, tendering and qualification procedures, and time-periods, the transparency of decisions granting qualification, transparency of decisions on contract awards, domestic review procedures, information to be provided to other governments (notification), and WTO dispute settlement procedures. The discussions also included related subjects such as technical cooperation, assistance, and capacity building, and special and differential treatment for developing countries. The group is to report on its work to the fifth ministerial conference in September 2003, where an explicit consensus on modalities will be needed to initiate negotiations on the issue.

Trade facilitation

Discussions on trade facilitation that took place in the WTO Council for Trade in Goods focused on GATT Articles V (Freedom of Transit), VIII (Fees and Formalities connected with Importation and Exportation), and X (Publication and Administration of Trade Regulations). In March, the council agreed on its 2002 work program to address its core agenda items, as well as technical assistance and capacity building, and the priorities faced by developing and least-developed countries concerning trade facilitation.[53]

Regarding Article X, the council discussed proposals to improve transparency such as establishing enquiry points, a possible advanced ruling system, more systematic consultation between customs administrations and traders, and the establishment of effective appeal procedures.[54] Some delegations stressed that different levels of development among members had corresponding implications for human and

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[51] WTO, *Report (2002) of the Working Group on the Relationship Between Trade and Investment to the General Council*, WT/WGTI/6, Dec. 9, 2002.

[52] WTO, *Report (2002) of the Working Group on Transparency in Government Procurement to the General Council*, WT/WGTGP/6, Nov. 29, 2002.

[53] WTO, *Report (2002) of the Council for Trade in Goods*, G/L/595, Nov. 28, 2002.

[54] Ibid.

financial resources. Members also discussed trade facilitation priorities regarding technical assistance and capacity building, in particular the need for coherence, coordination, and a targeted area and audience.

Regarding Article VIII, the council heard suggestions on how to simplify, standardize, and steamline import/export procedures, the use of international standards and instruments, the acceptance of relevant commercially available information, commitments on fees and charges, the reduction of data requirements, the broader use of automation and risk assessment, and pre-arrival processing and post-arrival auditing.[55] Some members raised issues relating to the implementation of the proposed measures as well as the need to safeguard customs revenue, infrastructural deficiencies, and security concerns.

Regarding Article V, the council discussions reached broad agreement on problems in the area of transit, especially for landlocked countries.[56] The proposals emphasized introducing new binding rules to strengthen Article V. The discussions noted that improved control and security arising from better trade facilitation measures reinforced overall economic stability by making investment more attractive. Some delegations underscored the limited implementation capabilities of a number of members, and some expressed a preference to undertake trade facilitation measures autonomously. Others mentioned the importance of completing the work program on harmonization of nonpreferential rules of origin to the long-term progress of trade facilitation measures. The group is to report on its work to the fifth ministerial conference in September 2003.

Electronic commerce

The ministers at Doha directed the General Council to adopt appropriate institutional arrangements for the work program regarding electronic commerce (e-commerce) and report on progress made at the fifth ministerial conference in September 2003.[57] During 2002, discussions by the council were held on cross-cutting issues that required the attention of a body broader than that of the Council for Trade in Goods or the Council for Trade in Services, regarding whether certain electronic transactions should be considered essentially the equivalent of trade in goods, or whether as electronic commerce such transactions should be considered under trade in services, or as a third, wholly different type of transaction. Members agreed to continue the moratorium on levying duties on e-commerce transactions through the fifth ministerial conference in September 2003.

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[55] Ibid.
[56] Ibid.
[57] WTO, *General Council—Annual Report (2002),* WT/GC/70, Feb. 14, 2003.

Development Agenda Issues

Small economies

The ministers at Doha agreed to a work program through the General Council to examine issues affecting trade of small economies so as to better integrate them into the multilateral trading system. The council is to report on progress made at the fifth ministerial conference in September 2003.

Trade, debt, and finance

At Doha, ministers established the Working Group on Trade, Debt, and Finance under the auspices of the General Council. The group is to examine the relationship between trade, debt, and finance, and recommend possible steps within the competence of the WTO to improve the capacity of the multilateral trading system to contribute to a solution to the problem of external indebtedness often faced by developing countries.[58] The council is to report on progress made to date in the group at the fifth ministerial conference in September 2003.

The group began work in April 2002, agreeing to include all regular intergovernment organizations already granted regular observer status in the General Council, notably the International Monetary Fund (IMF), International Trade Centre (ITC) administered jointly by the WTO, the OECD, the United Nations Conference on Trade and Development (UNCTAD), the United Nations Food and Agriculture Organization, United Nations (UN), World Bank, and the World Intellectual Property Organization (WIPO).

The participants discussed a number of issues regarding trade and finance during 2002, touching on exchange rates and exchange-rate volatility and their effects on the competitiveness of developing countries, how well the present financial architecture meets the financial needs of these countries, the difficulties obtaining trade finance and how trade-finance facilities could be strengthened, the role of trade and trade liberalization during financial crises, the sequencing of trade and financial policy reform, the sequencing of fiscal reform and tariff liberalization, and the use of trade restrictions for balance-of-payments reasons.[59] The chairman reported on the broad value of the WTO multilateral trading system in providing economic security and stability during financial crises; the value of keeping world markets open during such crises so that affected economies can continue earning foreign exchange through exports; the need to strengthen trade-finance facilities to assist continued exports during financial crises; and the role that trade liberalization plays in improving resource allocation to allow for greater economic resilience to external shocks.[60]

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[58] WTO, *Report (2002) of the Working Group on Trade, Debt and Finance to the General Council*, WT/WGTDF/1, Nov. 18, 2002.

[59] WTO, *Report (2002) of the Working Group on Trade, Debt and Finance to the General Council*, WT/WGTDF/1, Nov. 18, 2002.

[60] Ibid.

The participants discussed a number of issues regarding trade and debt, including the importance of export market access for indebted developing countries, problems linked to the deterioration in the terms of trade, and the importance of alternative sources of foreign finance for developing countries—such as foreign direct investment.[61] The chairman stated, among other things, that market access restrictions impede indebted countries' ability to earn the foreign exchange needed to service their external debt; that further reductions in trade barriers could contribute to improving the debt service capacity in developing countries; that liberalization of trade barriers in foreign markets as well as of the trade regimes in the indebted countries could improve this debt service capacity; and that indebted countries need to reform their trade policy regimes to raise private savings, encourage foreign direct investment, and support pro-growth policies.[62]

Trade and transfer of technology

Ministers at the Doha ministerial established the Working Group on Trade and Transfer of Technology (WGTTT) under the auspices of the General Council. The group is to examine the relation between trade and transfer of technology, and recommend possible steps within the competence of the WTO to increase flows of technology to developing countries.[63] The council is to report on progress made to date in the group at the fifth ministerial conference in September 2003.

In 2002, the group heard presentations about trade and technology transfer from the viewpoint of intergovernmental organizations, academia, and national governments, as well as receiving submissions and background papers from the WTO Secretariat and members. Major intergovernmental organizations present as observers were the IMF, World Bank, UNCTAD, and the United Nations Industrial Development Organization (UNIDO). UNIDO presented an outline of the services provided by its International Technology Centres and its Investment and Technology Promotion Offices. The World Bank presented work done on trade and technology transfer in its Development Research Group.[64]

Technical cooperation and capacity building

The ministers at Doha instructed the Director-General to report to the fifth ministerial conference on the implementation and adequacy of the technical cooperation and capacity-building commitments in the Doha ministerial declaration, with an interim report[65] to the General Council in December 2002.

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[61] Ibid.

[62] Ibid.

[63] WTO, *Report (2002) of the Working Group on Trade and Transfer of Technology*, WT/WGTTT/4, Dec. 10, 2002.

[64] Ibid.

[65] WTO, General Council, *Interim Report by the Director-General: Paragraph 41 of the Doha Ministerial Declaration*, WT/GC/W/484, Dec. 2, 2002.

In November 2001, following the Doha ministerial conference, the General Council established the Doha Development Agenda Global Trust Fund to help finance technical assistance to developing and least-developed countries. The trust fund is designed to supplement the WTO budget for technical cooperation and training activities, and marks the most recent action taken to marshall more effectively the voluntary contributions pledged by members. A pledging conference was held on March 11, 2002 where bilateral donors pledged Swiss francs (SF) 21.7 million ($12.9 million) for the 2002 trust fund and SF 4.5 million ($2.7 million) in advance for the 2003 trust fund. A high-level briefing on technical cooperation and training was held in July 2002 to review progress in the approved technical assistance plan being carried out by the WTO Technical Cooperation Division, finding some 383 planned regional and national activities over 80 percent effectively implemented at the time, as well as another 133 unplanned ad hoc activities in progress.[66]

Selected Activities in the WTO

New WTO Director-General

Dr. Supachai Panitchpakdi became Director-General of the WTO on September 1, 2002. Michael Moore, the previous Director-General, is to remain chairman of the TNC until January 1, 2005. In 1999, a protracted debate was held over who would succeed the first Director-General of the WTO, whose 4-year appointment ended on May 1, 1999. By July 1999, WTO members reached the unprecedented term-sharing arrangement whereby Michael Moore was selected to serve as Director-General from September 1, 1999 through August 31, 2002, and Dr. Supachai was selected to serve as Director-General from September 1, 2002 through August 31, 2005. Neither will be eligible for an extension in office or for reappointment as Director-General.

Technical Assistance: Integrated Framework

In January 2002, the Inter-Agency Working Group on the Integrated Framework (IF) held a review of the pilot schemes underway.[67] Six core agencies manage the IF: the IMF, UNCTAD, UNCTAD/WTO ITC, United Nations Development Program, World Bank, and the WTO. The pilot schemes of the revamped IF framework that began in 2000 involve Cambodia, Madagascar, and Mauritania. The process involves completing a diagnostic trade integration study (DTIS), holding a national workshop to review the study with government and donor representatives, and formulating a technical assistance action plan incorporating results from these discussions.

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[66] Ibid.

[67] WTO Secretariat, Integrated Framework Steering Committee, *Appraisal of the Integrated Framework: Views Expressed by Agencies*, JOB(02)/36, May 1, 2002.

The UN agencies involved reported that the lack of clear roles and responsibilities of the agencies in carrying out the DTIS were weak points in the process to date. In carrying out the pilot projects, the World Bank found several policy and institutional constraints to trade integration, including institutional weaknesses remaining even after reforms that can offset gains from trade facilitation, and the ways such constraints unfold at the micro level. The Bank also found that funding from the Trust Fund still proved to be uneven and somewhat uncertain. The Bank found that tensions between country ministries—such as the finance versus the commerce ministry—proved a difficulty if there was no clear leader in charge of an IF project. The WTO found that the Trade Policy Review process helped countries identify gaps in institutional capacity and technical assistance needs.

Dispute Settlement

In 2002, 34 dispute-settlement consultations were held, which resulted in the establishment of 17 WTO dispute panels during the year. Nearly half (8) of the panels established in 2002 involved cases brought by Brazil, China, the EU, Japan, Korea, New Zealand, Norway, and Switzerland against the United States regarding definitive safeguard measures on imports of certain steel products.

In 2002, the list of complainants establishing panels was broadly drawn, including Brazil, Canada, Chile, China, Ecuador, the EU, India, Japan, Korea, New Zealand, Norway, Switzerland, and the United States. Conversely, the list of defendants was dominated by the United States, which was cited as the respondent in 12 of the 17 panels (71 percent) established. Other defendants in 2002 included Argentina, the EU, Japan, Mexico, and Turkey.

Eleven panel reports were circulated during 2002, four of which were adopted without appeal, and seven of which were appealed. The complainants were broadly drawn although Brazil, Canada, the EU, and India were more active than others. The United States was the defending country in 6 of the 11 disputes underlying the panel reports circulated during the year. The United States appealed portions of the panel reports in four of the disputes against it, which concerned privatization subsidies, countervailing duties, antidumping duties, and the Continued Dumping and Subsidy Offset Act of 2000.

The WTO Appellate Body issued seven reports in 2002. Four of those covered appeals that were filed in 2002, and three covered appeals that were filed toward the end of 2002. Four of the Appellate Body reports concerned disputes in which the United States was the defending country, covering issues including subsidies, safeguards, trademarks, and countervailing duties.

Accessions

Only one government acceded to the WTO during calendar year 2002. Chinese Taipei (also referred to in this report as Taiwan)[68] became the 144th WTO member on January 1, 2002. Both Chinese Taipei and China applied for WTO membership at the Doha conference. China acceded on December 11, 2001, becoming the 143rd WTO member. Chinese Taipei delayed its formal accession to begin in 2002. Armenia became the 145th member on February 5, 2003, and the Former Yugoslav Republic of Macedonia became the 146th member on April 4, 2003. The WTO cites another 30 countries as observers that are seeking to accede to the WTO.[69] Figure 3-2 shows WTO membership in 2002.

Organization for Economic Cooperation and Development

OECD and the WTO Doha Negotiations

Delegates to the OECD Trade Committee spent much of their discussions during 2002 focused on how the OECD can contribute to advancing the WTO Doha Development Agenda (DDA), in particular through technical assistance efforts. Early in 2002, the OECD Trade Committee convened discussions on trade and development among the major international development institutions—the OECD Development Assistance Committee, IMF, World Bank, WTO, and UNCTAD—to help align the technical assistance and capacity-building efforts of these organizations for the benefit of developing countries, focused in particular on the technical assistance needs brought on by the Doha Declaration.[70] Delegates recognized that a key challenge was how to ensure that developing countries benefit from the DDA negotiations, given their diversity of needs and priorities, in the face of the proliferation of regional agreements that often exclude such countries.

The WTO provided a status report on current trade and development activities at the February Trade Committee meeting, recognizing that the negotiating structure was in place beginning in 2002 and that the WTO technical assistance program representing over 500 such activities was nearing completion for 2002. A donor pledge conference was held in March 2002 to contribute to the WTO Integrated Framework for

[68] In the WTO, Chinese Taipei is formally known as the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

[69] Observer candidates are: Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia and Herzegovina, Cambodia, Cape Verde, Equatorial Guinea, Ethiopia, Kazakhstan, Laos, Lebanon, Nepal, Russia, Samoa, Sao Tome and Principe, Saudi Arabia, Serbia and Montenegro, Seychelles, Sudan, Tajikistan, Tonga, Ukraine, Uzbekistan, Vanuatu, Vatican (Holy See), Vietnam, and Yemen. A WTO observer—with the exception of the Holy See—is expected to accede to the WTO within five years of becoming an observer.

[70] OECD, *Summary Record of the 133rd Session of the Trade Committee*, Feb. 26–27, 2002, TD/TC/M(2002)1/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

Figure 3-2
WTO membership in 2002 (144)

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

[1] Formally the Separate Customs Territory of Taiwan, Penghu, Kinmen & Matsu. Also referred to in this report as Taiwan. Chinese Taipei acceded to the WTO on Jan. 1, 2002.
Source: WTO, found at *http://www.wto.org*.

Trade-Related Technical Assistance to help finance these activities. A WTO database was also in development as a priority to serve as an electronic clearinghouse for technical assistance initiatives. Delegates voiced concern that the short-term demand of negotiating deadlines should not overshadow the medium- and long-term development needs such as increased trade among developing countries themselves and continued reforms of domestic policies. Some delegates suggested that substantial progress on issues such as agricultural market access or reform of WTO rules may prove to be more important in the long run for development efforts than technical assistance and capacity-building measures. Delegates proposed identifying the major building blocks of technical assistance, a development "tool kit" that makes available on the Internet relevant information resources, as well as a "one-stop shop" site for technical assistance requests from developing countries. The Trade Committee proposed possible future work along the lines of various forms of country or regional studies and outreach seminars centered on disseminating technical assistance information.[71]

As 2002 continued, delegates expressed concern at the uneven progress in negotiations, particularly the difficulties in reaching negotiating modalities for core areas such as agriculture and market access talks for nonagricultural goods.[72] Progress on these modalities was not forthcoming until mid-2003. Delegates also pointed out lagging progress in other areas of particular interest to development including TRIPs and public health, implementation issues, and special and differential treatment topics. Delegates also expressed concern over possibly unrealistic expectations regarding technical assistance and trade-related capacity building that could distract from negotiating core issues, as well as a hesitancy among negotiators to move from a "post-Doha" to a "pre-Cancun" negotiating stance that moves from dwelling on open-ended issues to focusing on specific negotiable issues.[73]

By early 2003, Trade Committee delegates were focusing on the links between market access and WTO rulemaking proposals, as well as the so-called Singapore issues of investment, competition, transparency in government procurement, and trade facilitation. The delegates largely agreed that these latter issues should be considered on their separate merits rather than grouped together as a block. The delegates also expected that any attempt to reinterpret the Doha mandate or add new issues at the Cancun meeting would be unacceptable.[74]

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[71] Ibid.

[72] OECD, *Summary Record of the 134th Session of the Trade Committee*, Apr. 29–30, 2002, TD/TC/M(2002)2/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

[73] Ibid.

[74] OECD, *Summary Record of the 136th Session of the Trade Committee,* Mar. 10–11, 2003, TD/TC/M(2003)2/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

Regional Trade Agreements

Under the OECD work program, research began during 2001–2002 on the relationship between regional trade agreements (RTAs) and the multilateral trading system, starting with a scoping paper to examine the extent to which RTAs go beyond WTO arrangements. This was followed by further work in the specific areas of investment, labor mobility, rules of origin, competition, trade facilitation, contingency protection, intellectual property rights. The main findings pointed to symbiotic links between RTAs and the multilateral trading system, but stated that any attempt to draw so-called best practice principles from the work would require great caution.[75] By the end of 2002, this project had incorporated additional research that consolidated work on 10 issues (services, labor mobility, investment, competition policy, trade facilitation, government procurement, intellectual property rights, contingency protection, environment, and rules of origin).[76]

Renewal of the Mandate of the Joint Group on Trade and Competition

The mandate for the Joint Group on Trade and Competition was renewed for two further years from May 2002. A few delegations expressed doubts about renewing the mandate, expressing the view that participation in the group was unbalanced between those representing the trade community and those representing the competition community. In addition, these delegates were concerned that the Joint Group might duplicate work underway in the WTO and UNCTAD. The majority indicated, however, that the structure of the Joint Group could be adjusted to address such concerns and that to drop the Joint Group and its work would not encourage progress in the area where the topic of trade and competition policy was already under discussion in the Doha negotiations.[77]

High-Level Meetings on Steel

The OECD briefed delegates on the three recent high-level meetings on steel, a forum that involves 40 countries including all the major steel producers. The two key issues of inefficient overcapacity and the future government disciplines in this sector continue unresolved, as the chairman noted that governments had not by and large committed themselves to take the needed measures to reduce inefficiency and overcapacity.[78]

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[75] OECD, *Summary Record of the 133rd Session of the Trade Committee*, Feb. 26-27, 2002, TD/TC/M(2002)1/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

[76] OECD, *Summary Record of the 135th Session of the Trade Committee*, Oct. 29-30, 2002, TD/TC/M(2002)4/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

[77] OECD, *Summary Record of the 133rd Session of the Trade Committee*, Feb. 26–27, 2002, TD/TC/M(2002)1/PROV, found at *http://www.olisnet.oecd.org*, retrieved July 24, 2003.

[78] Ibid.

Trade Committee Consultations with Russia

Russian representatives met in consultation with Trade Committee members, highlighting that Russia faces a key challenge in the orientation of its agricultural policy—in particular whether to opt for rapid and complete liberalization of the sector or whether to adopt a more cautious approach that respects the multifunctionality characterizing this sector.[79] They pointed out that another key challenge is that many stakeholders in Russia—including industry spokesmen, public organizations, and political leaders—resist opening the services sector, citing the lack of interest of foreign investors in certain unprofitable sectors and in some remote regions. Russian representatives also briefed the Trade Committee on the state of play in Russia's accession to the WTO. The Russian government has been working to make domestic trade legislation compatible with WTO rules. Participants agreed that significant progress had been made in bilateral negotiations on market access for trade in goods, but that major stumbling blocks remained in the area of services, agricultural support, and low energy prices for domestic producers.

Asia Pacific Economic Cooperation Forum

The Asia Pacific Economic Cooperation forum was initiated in 1989 as an informal dialogue with 12 participating economies. APEC has grown into a regional institution and currently has 21 members. APEC has 16 special committees and working groups whose work is overseen by senior officials, who make recommendations to the foreign and trade ministers of the APEC countries. APEC leaders and ministers meet annually. Senior officials meet prior to each ministerial meeting. APEC chairmanship rotates annually among members. In 2002, Mexico held the chairmanship, and hosted the leaders' and ministerial meetings during October 23–27, in Los Cabos, Mexico.[80]

At their 2002 meeting, the APEC leaders issued a statement condemning terrorist attacks in Bali, the Philippines, and Russia, and pledged to work to prevent terrorism from undermining their goal of freer and more open trade.[81] APEC launched the Secure Trade in the APEC Region (STAR) program to enhance security and promote increased trade. Under STAR, APEC countries are to accelerate action on screening people and cargo for security before transit, increase security on ships and aircraft while en route, and enhance security in airports and seaports.[82]

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[79] Ibid.

[80] APEC, "About APEC," found at *http://www.apecsec.org.sg/*, retrieved November 15, 2002. For information on prior APEC activities, see USITC, *The Year in Trade OTAP, 2002*, USITC publication, 3510, pp. 3-11 through 3-12.

[81] APEC, "APEC Leaders' Statement on Recent Acts of Terrorism," found at *http://usinfo.state.gov/admin/022/recentterror.html*, retrieved Nov. 15, 2002.

[82] U.S. Department of State, "Fact Sheet: Secure Trade in the APEC Region (STAR)," found at *http://usinfo.state.gov/admin/022/fsstarinit.html*, retrieved Nov. 15, 2002.

At their annual meeting, APEC leaders pledged to continue their efforts to liberalize trade at the multilateral level by issuing a statement of support for the Doha Round of trade talks, including support for the WTO accession of Russia and Vietnam. With regard to a regional trade initiative, APEC leaders pledged to "continue and accelerate" movement toward the goals set at the APEC meetings in Bogor, Indonesia in 1994 to eliminate tariffs and trade barriers in all sectors by 2010 for developed economies and by 2020 for developing economies.

APEC leaders also endorsed the APEC Trade Facilitation Action Plan, which is designed to implement their existing commitment to cut transaction costs by 5 percent in the APEC region by 2006. Under the plan, customs measures are to be streamlined and made more transparent to attract new investment to the region.[83] In a related, but separate statement, the leaders pledged to implement new transparency standards for APEC by no later than January 2005.[84]

At the close of their 2002 meetings, APEC leaders adopted a statement urging the development of "effective trade rules for the digital economy where products and services can be exchanged using electronic networks free of tariffs and other barriers."[85] Reflecting the increasing importance of e-commerce to the APEC region, the leaders indicated their support for a long-term moratorium on customs duties on e-commerce and pledged to work toward ending limitations on suppliers of telecommunications and other services essential to the development of e-commerce.[86]

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[83] APEC, "APEC Economic Leaders' Declaration in Los Cabos, Mexico, Oct. 27, 2002" found at *http://usinfo.state.gov/admin/022/2002declaration.html*, retrieved Nov. 15, 2002.

[84] APEC, "APEC Leaders' Statement to Implement APEC Transparency Standards," Los Cabos, Mexico, Oct. 27, 2002, found at *http://usinfo.state.gov/admin/022/transparency.html*, retrieved Nov. 15, 2002.

[85] APEC, "Statement to Implement APEC Policies on Trade and The Digital Economy," Los Cabos, Mexico, Oct. 27, 2002, found at *usinfo.state.gov/admin/022/digital.html*, retrieved, Nov. 15, 2002.

[86] Ibid.

CHAPTER 4
U.S. Free Trade Agreements

The United States participated in three operative free trade agreements (FTAs) as of December 31, 2002—the U.S.-Israel FTA implemented in 1985, the North American Free Trade Agreement (NAFTA) implemented in 1994, and the U.S.-Jordan FTA implemented in 2000. During 2002 the United States continued negotiations with the 33 other democratic countries of the Western Hemisphere toward the creation of the Free Trade Area of the Americas (FTAA). Also during 2002, the President notified Congress of his intention to launch FTA negotiations with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua); Morocco; the countries of the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, and Swaziland); and Australia.

U.S.-Israel FTA

The 1985 U.S.-Israel FTA called for phased tariff reductions culminating in the elimination of duties on eligible products by 1995, although some tariffs and nontariff barriers remained with respect to certain agricultural and food products. In 1996, the two countries signed a five-year Agreement on Trade in Agricultural Products (ATAP), establishing a program of gradual and steady market access liberalization for agricultural and food products scheduled to remain operative through December 31, 2001.[1] The agreement was negotiated to address the differing views between the two countries over the application of the U.S.-Israel FTA to trade in agricultural products.[2] To allow for continued negotiations on removing remaining barriers to bilateral agricultural trade, the ATAP was extended through 2002 with its TRQs and preferential discounts from MFN tariffs being maintained at 2001 levels. Bilateral negotiations continued through 2002 with the goal of completing a new agreement.[3] U.S. merchandise exports to Israel were valued at $5.3 billion in 2002, making Israel the 21st largest market for U.S. products. Israel ranked as the 17th leading source of U.S. imports in 2002, with shipments valued at $12.2 billion.

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[1] U.S. Department of State telegram, "Israel: 2003 National Trade Estimate Report," message reference No. 07230, prepared by U.S. Embassy Tel Aviv, Dec. 20, 2002.

[2] ATAP provided U.S. agricultural and food products access to the Israeli market under one of three different categories: unlimited duty-free access, duty-free tariff-rate quotas (TRQs), or preferential tariffs less than Israel's most-favored nation (MFN) rates. ATAP also provided for annual increases in TRQs and in the discount from MFN tariff levels for many U.S. goods. Israeli agricultural products were treated differently under the ATAP, as most Israeli agricultural exports received duty-free access to the U.S. market following implementation of ATAP. The principle concessions granted to Israeli products as a result of ATAP were duty-free quota allocations in excess of U.S. WTO commitments. USTR, "Notice of Request for Public Comments on the Review and Renegotiation of the United States-Israel Agreement on Trade in Agricultural Products," 65 F.R. 75334, Dec. 1, 2000.

[3] U.S. Department of State telegram, "Israel: 2003 National Trade Estimate Report," message reference No. 07230, prepared by U.S. Embassy Tel Aviv, Dec. 20, 2002.

U.S.-Jordan FTA

The U.S.-Jordan FTA entered into force on December 17, 2001. The FTA eliminates duties and commercial barriers to bilateral trade in goods and services originating in the United States and Jordan. The FTA also includes, for the first time ever in the text of a U.S. trade agreement, provisions addressing trade and environment, trade and labor, and electronic commerce. Other provisions address intellectual property rights protection, balance of payments, rules of origin, safeguards, and procedural matters such as consultations and dispute settlement. Because the United States already has a Bilateral Investment Treaty with Jordan, the FTA does not include an investment chapter.[4] U.S. exports to Jordan in 2002 were valued at $397 million, making Jordan the 72nd largest market for U.S. exports. Jordan ranked as the 74th leading source of U.S. imports in 2002, with shipments valued at $412 million.

North American Free Trade Agreement[5]

U.S. Trade With NAFTA Partners

Total U.S. trade with NAFTA partners decreased 7.5 percent over the last three years, with Canada accounting for $353.1 billion in two-way trade in 2002 and Mexico contributing $220.2 billion.

The continuing general slowdown in the U.S. economy in 2002 is reflected in the NAFTA trade data (table 4-1). In 2002 U.S. trade with both NAFTA partners declined for the second year in a row. The U.S. trade deficit with NAFTA partners increased by 7.6 percent over the last three years, from $107.8 billion in 2000 to $116.0 billion in 2002.

The following sections discuss the major activities of the NAFTA Free Trade Commission, the Commission for Labor Cooperation, the Commission for Environmental Cooperation, and dispute settlement activities under NAFTA chapters 19 and 20 during 2002.

[4] USTR, "U.S.-Jordan Free Trade Agreement: Fact Sheet," found at *http://www.ustr.gov/releases/2000/10/factsheet.html*, retrieved June 16, 2003.

[5] U.S. bilateral relations with Canada and Mexico are discussed in chapter 5.

Table 4-1
U.S. trade with NAFTA partners, 2000-02

(*Billion dollars*)

NAFTA partner	U.S Exports	U.S Imports	Trade Balance	Two-way trade
2000:				
Canada	155.6	229.1	-73.5	384.7
Mexico	100.4	134.7	-34.3	235.2
Canada and Mexico	256	363.8	-107.8	619.8
2001:				
Canada	144.6	216.8	-72.2	361.5
Mexico	90.5	130.5	-40.0	221.0
Canada and Mexico	235.2	347.3	-112.2	582.5
2002:				
Canada	142.5	210.5	-68.0	353.1
Mexico	86.1	134.1	-48.0	220.2
Canada and Mexico	228.6	344.6	-116.0	573.3

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

Free Trade Commission

The NAFTA is overseen by the Free Trade Commission, which comprises the trade ministers of each member country and meets on an annual basis to discuss past successes and future goals. Mandates are carried out by various committees and working groups made up of relevant government officials from three countries. The three NAFTA trade ministers held their annual meeting in Puerta Vallarta, Mexico on May 28, 2002. The trade ministers highlighted the successes of NAFTA during its first seven years, reporting a 109 percent increase in intra-NAFTA trade flows since implementation, increased investment in NAFTA countries, and "the creation of more and better paying jobs in all three countries."[6] The ministers reviewed the operation of chapter 11 dispute resolution, and expressed their support for further regional and multilateral trade liberalization, committing themselves to achieving significant progress in the upcoming WTO negotiations and in the creation of a Free Trade Area of the Americas.[7]

On January 1, 2002, the NAFTA partners implemented accelerated tariff eliminations on $25 billion worth of trade negotiated during 2001. Accelerated tariff eliminations, provided for under article 302(3) of the NAFTA, allow for negotiated tariff reductions

[6] NAFTA Free Trade Commission (Mexican Secretary of Economy Luis Ernesto Derbez, United States Trade Representative Robert B. Zoellick, and Canadian Minister for International Trade Pierre S. Pettigrew), "NAFTA at Eight: A Foundation for Future Growth," found at *http://www.sice.oas.org/geograph/north/canada.PDF*, retrieved July 39, 2003.

[7] NAFTA Free Trade Commission, "Joint Statement, "A Foundation for Future Growth," May 28, 2002, found at *http://www.revistainterforum.com/english/articles/060302artsecon_en1.html*, retrieved July 29, 2003.

ahead of the NAFTA schedule. The United States eliminated tariffs on some rubber and plastic footwear items from Mexico. Mexico eliminated tariffs on goods listed under motor vehicles, electrical and electronic goods, toys, and chemicals. Mexico eliminated tariffs on most remaining agricultural products—except corn, sugar, beans, and powdered milk—on January 1, 2003.[8]

On December 6, 2002 the original signatories of NAFTA met in Washington, D.C. to celebrate the tenth anniversary of the signing of NAFTA. Former U.S. President George H. W. Bush, former Canadian Prime Minister Brian Mulroney, and former Mexican President Carlos Salinas de Gortari all lauded the success of NAFTA in increasing trade among the partner countries.

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 promoting eleven labor principles to protect, enhance and enforce basic workers' rights."[9] The NAALC Ministerial Council consists of the U.S. Department of Labor, Human Resources Development Canada, and the Secretaria del Trabajo y Prevision Social (Mexico). 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, a hearing and a review process ensue. The NAO issues a Public Report of Review with its recommendations.

Twenty-four petitions have been filed at NAOs since January 1, 1994, but none were filed in 2002.[10] Sixteen of the 24 petitions filed with the U.S. NAO alleged labor law violations concerning 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. The three petitions filed with the Canadian NAO included two cases against Mexico and one against the United States. On February 22, 2002, the U.S. NAO declined to accept for review Submission 2001-01 (Duro Bag), determining that a review would not further the objectives of the NAALC.[11]

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[8] USDA, Foreign Agricultural Service, "Mexico's NAFTA Tariff Schedule for 2003," *GAIN Report* MX3011, Jan 23, 2003.

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

[10] U.S. Department of Labor, "Status of Submissions," found at *http://www.dol.gov/ilab/programs/nao/status.htm*, retrieved Dec 12, 2002.

[11] Ibid.

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."[12] The CEC's governing body consists of the Canadian Environment Minister, the Mexican Secretary for Environment and Natural Resources, and the U.S. Environmental Protection Agency Administrator.

The CEC issued its first State of the Environment Report in January 2002.[13]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 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 increasing. According to the report, Canada and the United States are the largest per capita water users in the world.

The CEC governing body met in June 2002 for its ninth annual regular session. The environment ministers of the NAFTA partner countries addressed a variety of issues. They agreed to establish a North American Air Working Group to facilitate future cooperative work on air-related issues. They also agreed to select and publish a core set of children's environmental health indicators, to develop a new North American Regional Action Plan targeting the insecticide lindane, and to continue the development of a common North American approach for environmentally sound management of hazardous waste. It was agreed that the necessary steps will be taken to facilitate public input on the work on NAFTA chapter 11 dispute resolution. The ministers agreed to encourage efforts to develop information links to financial institutions and to encourage the use of environmental information in credit, investment, and risk management decisions.[14]

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[12] USTR, "NAFTA Organizations," found at *http://www.ustr.gov/regions/whemisphere/organizations.shtml*, retrieved Jan. 8, 2002.

[13] Secretariat, NAFTA Commission for Environmental Cooperation, *The North American Mosaic: State of the Environment Report*, January 2002, found at *http://www.cec.org/files/PDF/PUBLICATIONS/soe_en.pdf*, retrieved July 29, 2003.

[14] North American Commission for Environmental Cooperation, "Final Communique—Ninth Regular Session of the CEC Council," found at *http://www.cec.org/news/details/index.cfm?varlan=english&ID=2485*, retrieved Nov. 25, 2002.

Dispute Settlement

Ten binational panels were formed in 2002 under the provisions of NAFTA chapter 19, which provides for binational panel review in lieu of court review in antidumping and countervailing duty matters. Every panel formed in 2002 involved challenges to U.S. agencies' determinations— i.e., determinations of the USITC or the Department of Commerce ("Commerce"). Eight of the 10 chapter 19 reviews begun in 2002 were active on January 1, 2003. Nine NAFTA chapter 19 binational panels issued decisions in 2002. Two of these panels reviewed Canadian agency determinations of dumping and injury by imports from the United States of certain appliances; two panels reviewed Mexican agency dumping determinations concerning imports from the United States of high fructose corn syrup (HFCS) and urea; three panels reviewed the sunset determinations by USITC and Commerce concerning pure and alloy magnesium from Canada; one panel reviewed Commerce's dumping determination concerning certain steel pipe from Mexico; and one panel reviewed Commerce's 7th antidumping review involving cement from Mexico. Chapter 19 binational panels that were active in 2002 are shown in table 4-2. The case involving Mexican imports of HFCS from the United States is discussed in more detail in the section on Mexico in chapter 5 of this report.

There were no NAFTA chapter 20 arbitral panel decisions issued in 2002.[15] The ongoing dispute between the United States and Canada on U.S. softwood lumber imports from Canada is discussed in the Canada section of chapter 4 of this report.

FTA Negotiations during 2002

This section provides an overview of U.S. FTA negotiations with Chile and Singapore, which were substantially completed during 2002, and an update on FTAA negotiations. Table 4-3 provides an overview of the status of U.S. FTA negotiations, the President's notifications to Congress regarding the intention to negotiate, and FTAs that were the focus of USITC fact-finding investigations during 2002.

U.S.-Chile FTA

The U.S.-Chile FTA negotiations began on November 29, 2000. A series of 14 negotiating sessions were held until USTR announced that the United States and Chile had successfully concluded negotiations for the agreement on December 11, 2002.[16] According to USTR, the key elements of the agreement are as follows:

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[15] Chapter 20 of NAFTA applies to all disputes except those arising under chapter 11 (investment), chapter 14 (financial services), and chapter 19.

[16] On Jan. 29, 2003, President Bush signed a letter notifying Congress of the intent to enter into the U.S.-Chile FTA; the letter was received by Congress on Jan. 30, 2003, starting the countdown for when the agreement can be signed. On Feb. 28, 2003, USTR received reports from 31 trade advisory groups

Table 4-2
NAFTA Chapter 19 binational panels, active reviews in 2002

NAFTA Country	Case	National agencies' final determination[1]	Product description
Canada	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)
Mexico	MEX-USA-00-1904-01	Dumping	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-98-1904-05	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-2000-1904-03	8th Antidumping duty administrative review	Gray portland cement and clinker 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 countervailing duty orders	Pure magnesium and alloy magnesium from Canada

See footnote at end of table.

Table 4-2—*Continued*
NAFTA Chapter 19 binational panels, active reviews in 2002

NAFTA Country	Case	National agencies' final determination[1]	Product description
United States-Continued	USA-CDA-2000-1904-09	Five year reviews of countervailing duty and antidumping duty orders	Magnesium from Canada
	USA-CDA-2000-1904-11	Five year reviews of Final injury determination and antidumping duty orders	Carbon steel products from Canada
	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-2001-1904-06	Final results of the five year review of the antidumping duty order	Oil country tubular goods from Mexico
	USA-MEX-2002-1904-01	Dismissal of request to institute a 751 (b) investigation	Gray portland cement and clinker from Mexico
	USA-CDA-2002-1904-02	Final determination of sales at less than fair value	Softwood lumber products from Canada

See footnote at end of table.

Table 4-2—*Continued*
NAFTA Chapter 19 binational panels, active reviews in 2002

NAFTA Country	Case	National agencies' final determination[1]	Product description
United States-Continued	USA-CDA-2002-1904-03	Final affirmative countervailing duty order and final negative critical circumstances determination	Softwood lumber products from Canada
	USA-CDA-2002-1904-04	Final determination of sales at less than fair value	Greenhouse tomatoes from Canada
	USA-MEX-2002-1904-05	10th antidumping duty administrative review	Gray portland cement and clinker from Mexico
	USA-CDA-2002-1904-06	Amended final determination of sales at less than fair value	Greenhouse tomatoes from Canada
	USA-CDA-2002-1904-07	Final injury determination	Softwood lumber products from Canada
	USA-CDA-2002-1904-08	Final affirmative countervailing duty determination	Carbon and certain alloy steel wire rod from Canada
	USA-CDA-2002-1904-09	Final injury determination	Carbon and certain alloy steel wire rod from Canada
	USA-MEX-2002-1904-10	Final injury determination	Carbon and certain alloy steel wire rod 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 *http://www.nafta-sec-alena.org/english/index.htm*, retrieved July 8, 2003.

Table 4-3
Status of U.S. FTA negotiations, as of December 31, 2002

FTA	Partner(s)	Date negotiations began/notified to Congress	Date completed/target date for completion	Status of negotiations
U.S.-Chile FTA	Chile	Negotiations began Dec. 6, 2000.	Negotiations completed Dec. 11, 2002.	FTA signed June 6, 2003.
U.S.-Singapore FTA	Singapore	Negotiations began Nov. 16, 2000.	Negotiations completed Jan. 15, 2003.	FTA signed May 6, 2003.
Free Trade Area of the Americas (FTAA)	33 democracies of the Western Hemisphere[1]	Negotiations began April 19, 1998.	January 2005	Market access negotiations began May 15, 2002. Offers for agricultural and industrial products, services, investment, and government procurement were presented between Dec. 15, 2002 and Feb. 15, 2003, with submissions of requests for improvements to the offers made between Feb. 16, 2003 and June 15, 2003.
U.S.-Central America Free Trade Agreement	Honduras, Nicaragua, Costa Rica, El Salvador, and Guatemala	President notified Congress of intention to negotiate Aug. 22, 2002. Negotiations began Jan. 8, 2003.	December 2003	Negotiations initiated Jan. 8, 2003. Four rounds of negotiations completed as of June 2003. The United States tabled text on rules of origin in March 2003, and text on market access proposals for agricultural and industrial goods in May 2003. The U.S. administration discussed the possibility of allowing the Dominican Republic to become a party to the CAFTA.
U.S.-Morocco FTA	Morocco	President notified Congress of intention to negotiate Aug. 22, 2002. Negotiations began Jan. 21, 2003.	December 2003	The first round of negotiations concluded in late January 2003, and a second round was held in March 2003.
U.S.-South African Customs Union FTA	Botswana, Lesotho, Namibia, South Africa, and Swaziland	President notified Congress of intention to negotiate Nov. 5, 2002. Negotiations began June 2, 2003.	December 2004	First round of negotiations occurred in June 2003.

See footnotes at end of table

Table 4-3—*Continued*
Status of U.S. FTA negotiations, as of December 31, 2002

FTA	Partner(s)	Date negotiations began/notified to Congress	Proposed date for Completion	Status of negotiations
U.S.-Australia FTA	Australia	President notified Congress of intention to negotiate Nov. 13, 2002. Negotiations began March 19, 2003.	December 2003	Negotiation rounds held in March, May, and July 2003.
U.S.-Taiwan FTA	Taiwan	Not applicable	No date established.	No negotiations have begun. On Nov. 6, 2001, Senator Max Baucus (D-Montana) introduced legislation to establish a U.S.-Taiwan FTA. On Jan. 17, 2002, the U.S. Senate Committee on Finance formally requested USITC to conduct an assessment of the economic effects of a U.S.-Taiwan FTA. The USITC report[2] was delivered to Congress in October 2002.

[1] The 33 other FTAA countries are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent and the Grenadines, St. Lucia, St. Kitts and Nevis, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

[2] USITC, *U.S.-Taiwan FTA: Likely Economic Impact of a Free Trade Agreement Between the United States and Taiwan*, investigation No. 332-438, USITC publication 3548, October 2002.

Sources: Compiled by the Commission from multiple sources, including: U.S. Department of State telegram, "Successful Round 1 of U.S.-SACU Free Trade Negotiations," message reference no. 02978, prepared by U.S. embassy Pretoria, June 6, 2003; U.S. Department of State telegram, "U.S.-Morocco Free Trade Agreement Update," message reference no. 2855, prepared by U.S. embassy Rabat, Jan. 8, 2003; and USTR, "Free Trade Agreement Negotiations, found at *http://www.ustr.gov/new/fta/index.htm*, retrieved July 29, 2003.

- *Consumer and industrial products:* More than 85 percent of bilateral trade to become duty-free upon entry into force of the agreement. Chile to phase out its luxury tax on automobiles over four years.
- *Textiles and apparel products:* To be duty-free immediately if they meet the agreement's rule of origin. A limited yearly amount of textiles and apparel containing non-U.S. or non-Chilean yarns, fibers, or fabrics may also qualify for duty-free treatment.
- *Agriculture:* More than three-quarters of U.S. agricultural goods to enter Chile duty-free within four years and all duties on U.S. products to be phased out over 12 years.
- *Chilean price bands:* To be phased out.
- *Services:* Chile to accord substantial market access across its entire services regime, with a few exceptions.
- *Financial services:* Includes obligations of nondiscrimination, most-favored-nation treatment, and additional market access obligations. U.S. insurance firms to have full rights to establish subsidiaries or joint ventures for all insurance sectors with limited exceptions.
- *Telecommunications:* Guarantees reasonable and nondiscriminatory access to users of the telecommunications network.
- *Investment:* All forms of investment to be protected under the agreement.
- *Intellectual property rights:* Protection of copyrights, patents, trademarks, and trade secrets to go farther than in previous FTAs.
- *Government procurement:* Nondiscrimination against U.S. firms or in favor of Chilean firms when making government purchases in excess of agreed monetary thresholds. Strong and transparent disciplines on procurement procedures such as requiring advance public notices of purchases.
- *Customs procedures:* Concrete obligations on how customs procedures are to be conducted; requires transparency and efficiency in customs administration.

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[16]—*Continued*

commenting on the proposed U.S.-Chile FTA. On March 7, 2003, USTR released detailed summaries of each chapter of the U.S.-Chile FTA. On April 3, 2003, the text of the U.S.-Chile FTA was made available to the general public. The agreement was signed on June 6, 2003, by U.S. Trade Representative Robert B. Zoellick, on behalf of the United States, and Chilean Foreign Minister Soledad Alvear, on behalf of Chile. The U.S. House of Representatives approved the Chile FTA on July 24, 2003, and the Senate approved the FTA on July 31, 2003. U.S. Department of Commerce, "U.S.-Chile Free Trade Agreement," found at *http://www.mac.doc.gov/chileFTA/whatsnew.html*, and USTR, "United States and Chile Sign Historic Free Trade Agreement," June 6, 2003, press release 03-37, found at *http://www.ustr.gov/releases/2003/06/03-37.htm*, retrieved June 30, 2003. See also USITC, *U.S.-Chile Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-5, USITC publication 3505, June 2003.

- *Temporary entry of personnel:* Provides for the entry into either party of business visitors, traders and investors, intracompany transferees and professionals.
- *Labor and environmental provisions:* Agreement fully meets the environmental objectives set out in Trade Promotion Authority (TPA) legislation;[17] both countries shall ensure that their domestic environmental laws provide for high levels of environmental protection.
- *Cooperative activities to promote labor rights:* Agreement meets labor objectives set out in TPA; both countries reaffirm their obligations as members of the International Labor Organization (ILO) and shall strive to ensure that their domestic laws provide for labor standards consistent with internationally recognized labor principles.
- *Dispute settlement:* All core obligations of the agreement including labor and environmental provisions to be subject to the dispute settlement provisions of the agreement.[18]

U.S. exports to Chile were valued at $2.3 billion in 2002, making Chile the 37th largest market for U.S. exports. Chile ranked as the 36th leading source of U.S. imports in 2002, with shipments valued at $3.6 billion.

U.S.-Singapore FTA

The U.S.-Singapore FTA negotiations were initiated on November 16, 2000. On November 19, 2002, USTR announced that the United States and Singapore had reached an agreement in substance, and on January 15, 2003, USTR announced that the United States and Singapore had successfully concluded negotiations for the agreement.[19] According to USTR, the key provisions of the U.S.-Singapore FTA are as follows:

- *Goods:* Bilateral duties to be eliminated with the majority of U.S. tariff lines to go to zero upon effectiveness of the agreement. Singapore to bind all tariffs immediately to zero.

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[17] Trade Promotion Authority, title XXI of the Trade Act of 2002 (Public Law 107-210), was signed into law by President Bush on Aug. 6, 2002.

[18] USTR, "Free Trade With Chile, Summary of the U.S.-Chile Free Trade Agreement," Trade Facts, found at *http://www.ustr.gov*, retrieved Dec. 12, 2002.

[19] On Jan. 29, 2003, President Bush signed a letter notifying Congress of the intent to enter into the U.S.-Singapore FTA; the letter was received by Congress on Jan. 30, 2003, starting the countdown for when the agreement could be signed. On Feb. 28, 2003, USTR received reports from 31 trade advisory groups commenting on the proposed U.S.-Singapore FTA. On March 7, 2003, the text of the U.S.-Singapore FTA was made available to the general public. President Bush and Singapore Prime Minister Chok Tong Goh signed the U.S.-Singapore FTA on May 6, 2003. The U.S. House of Representatives approved the Singapore FTA on July 24, 2003, and the Senate approved the FTA on July 31, 2003. USTR, "USTR Resources: Singapore Free Trade Agreement," found at *http://www.ustr.gov/new/fta/singapore.htm*, retrieved May 12, 2003. See also USITC, *U.S.-Singapore Free Trade Agreement: Potential Economywide and Selected Sectoral Effects*, investigation No. TA-2104-6, USITC publication 3503, June 2003.

- *Services:* Ensures core obligations of national treatment and MFN status. Improved market access opportunities in the area of professional services and express delivery.
- *Financial services:* New market access in the banking and securities sectors; increased market access in the insurance sector.
- *Telecommunications and e-commerce:* Market access commitments to Singapore's telecommunications network. State-of-the-art provisions on e-commerce, including national treatment and MFN obligations for products delivered electronically.
- *Transparency:* Extensive transparency commitments in general rulemaking and specific areas; transparent dispute settlement process.
- *Anticircumvention:* Strong anticircumvention provisions generally and specifically with regard to textiles and intellectual property rights.
- *Competition:* Commitment to enact a competition law and authority.
- *Intellectual property:* Strong intellectual property protections.
- *Investment and labor/environment:* Strong protections for U.S. investors and investments in Singapore, including improvements under the TPA.[20]

U.S. exports to Singapore were valued at $14.7 billion in 2002, making Singapore the 11th largest market for U.S. exports. Singapore ranked as the 16th leading source of U.S. imports in 2002, with shipments valued at $14.1 billion.

Free Trade Area of the Americas

In an effort to unite the economies of the Western Hemisphere into a single free trade agreement, the United States and the 33 other democratic nations of the hemisphere launched Free Trade Area of the Americas (FTAA) negotiations in April 1998. The FTAA countries agreed that negotiations are to be concluded no later than January 2005, and that entry into force of the FTAA is to be sought as soon as possible thereafter, no later than December 2005.[21] In 2002, combined U.S. exports to the other 33 FTAA countries totaled $274.5 billion, and U.S. imports were valued at $411.5 billion. NAFTA alone accounted for more 80 percent of that trade.

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[20] USTR, "U.S., Singapore Agree on Core Elements of FTA," Trade Facts, found at *http://www.ustr.gov*, retrieved Dec. 12, 2002.

[21] Tripartite Committee (Inter-American Development Bank, the Organization of American States, and United Nations Economic Commission for Latin America and the Caribbean), "Overview of the FTAA Process," found at *http://www.ftaa-alca.org/View_e.asp*, retrieved June 16, 2003.

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 negotiations.[22]

Based on methods and modalities for negotiations provided by the TNC, FTAA market access negotiations commenced on May 15, 2002. At their seventh meeting in November 2002 in Quito, Ecuador, the FTAA trade ministers reviewed progress in the FTAA negotiations and established guidelines for the next phase of these negotiations. A revised draft text of the FTAA agreement was released November 1, 2002.[23]

[22] For a description of FTAA developments through 2001, see USITC, *The Year in Trade, 2001*, USITC Publication 3510, pp. 3-8 to 3-10.

[23] Tripartite Committee (Inter-American Development Bank, the Organization of American States, and United Nations Economic Commission for Latin America and the Caribbean), Official Home Page of the Free Trade Area of the Americas (FTAA) Process, found at *http://www.ftaa-alca.org/alca_e.asp*, retrieved June 16, 2003.

CHAPTER 5
U.S. Relations With Major Trading Partners

This chapter reviews bilateral trade relations and selected issues with eight major U.S. trading partners during 2002: 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 partners.

European Union

The United States and the EU share the largest two-way (exports plus imports) trade relationship in the world and are each other's largest trading partners. In 2002, U.S.-EU trade totaled $356 billion, a decline from the previous year owing to falling U.S. exports. U.S. exports to the EU declined to $133 billion in 2002, down 10 percent from 2001. U.S. imports from the EU increased 2 percent in 2002 to $224 billion, resulting in a $91 billion trade deficit with the EU in 2002. 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 nucleic acids and their salts. U.S.-EU trade data are shown in appendix tables A-1 through A-3.

During 2002, several important trade disputes, mostly of multiyear duration, remained on the U.S.-EU trade agenda and were still unresolved at the end of the year. Two of those disputes are discussed below. In potentially the largest U.S.-EU dispute in terms of the amount of trade affected, the WTO dispute-settlement process continued during the year in response to an EU complaint[1] that U.S. special tax treatment of foreign sales corporations (FSCs), and the replacement U.S. tax policy, constitute a prohibited export subsidy. Another problem area in 2002 was the EU's de facto moratorium on approvals of agricultural biotechnology products.

[1] The European Communities (EC) were subsumed into the European Union (EU) in 1993. Although the complaint was technically filed by the EC, the term EU is used to describe events since 1993.

Foreign Sales Corporations

Background[2]

On July 1, 1998, the EU requested a WTO dispute-settlement panel to examine the FSC provisions of U.S. tax law,[3] claiming they were inconsistent with the WTO Agreement on Subsidies and Countervailing Measures and the WTO Agreement on Agriculture. 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. The United States appealed the decision and, on February 24, 2000, the WTO's Appellate Body upheld the panel's finding.

President Clinton signed into law the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 (ETI Act) on November 15, 2000,[4] the first U.S. legislation enacted to implement findings of a WTO dispute-settlement panel. On November 17, 2000, the EU requested establishment of a WTO panel to examine the replacement regime, and that the WTO authorize the imposition of $4.043 billion in tariffs on U.S. products as compensation.[5] The United States objected to the amount and requested WTO arbitration. Under a procedural agreement between the United States and the EU, arbitration was suspended pending the outcome of the dispute-settlement case examining the WTO consistency of the ETI Act. On August 20, 2001, a WTO panel found that the ETI Act also constituted a prohibited export subsidy and was inconsistent with U.S. WTO obligations. The United States appealed the ruling to the WTO Appellate Body.

Developments during 2002

On January 14, 2002, the WTO Appellate Body issued a report upholding the prior panel findings, with the exception of a finding on third-party rights.[6] On January 29, the WTO Dispute Settlement Body (DSB) adopted the Appellate Body report and the panel report, as upheld by the Appellate Body report. Arbitration procedures to decide the amount of countermeasures the EU would be authorized to impose were automatically reactivated the same day.[7]

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

[3] Sections 921–927 of the U.S. Internal Revenue Code.

[4] P.L. 106-519.

[5] 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.

[6] With respect to third-party rights, the Appellate Body found that the panel erred in its interpretation of Article 10.3 of the DSU in declining to rule that all written submissions of the parties filed prior to the first meeting of the panel must be provided to the third parties. FSC—Article 21.5 Appellate Body Report, para. 256(g).

[7] *United States—Tax Treatment for "Foreign Sales Corporations,"* Recourse to Arbitration by the United States, WT/DS108/ARB (30 Aug. 2002), paras. 1.3 and 1.6 ("FSC Arbitrator's Decision").

On February 14, 2002, the United States filed a submission with the WTO challenging the amount of trade sanctions the EU claimed it was entitled to impose against U.S. exports. The United States asserted that the EU's claimed amount of $4.043 billion, which represented the EU's calculation of the amount of the subsidy provided by the FSC rules, was too large. Instead, the United States argued that by linking "the purported impact of the FSC on the EU's actual trade interests," the proper amount was $956 million.[8] On August 30, 2002, the arbitrator circulated its decision that the countermeasures sought by the EU were appropriate, and authorized the EU to impose up to 100 percent ad valorem duties on imports of certain goods from the United States to a maximum amount of $4.043 billion per year.[9]

On September 13, 2002, the EU published a notice in the Official Journal requesting public comments on a proposed list of U.S. products that could be subject to the countermeasures.[10] This list was selected from a more general "indicative list" that the EU notified to the WTO in November 2000 when it first requested authorization for countermeasures in the FSC dispute.[11] According to the EU, "to minimize the negative consequences that any eventual countermeasures could create for European industry, the Commission has selected only products for which imports of that product from the United States represent a maximum 20 percent of total imports into the EU."[12] The list covered a wide variety of products, including certain fruits, vegetables, sugar, wood and articles of wood, paper and paperboard, textiles, apparel, footwear, glassware, articles of iron and steel, electrical and non-electrical machinery, and toys. The list also covered a greater amount than the amount set by the arbitrator to allow for exclusion of products following consultations.[13]

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[8] USTR, "U.S. Continues Challenge to EU's FSC Trade Sanctions Claim by Offering Alternative Amount," press release 02-20, Feb. 14, 2002.

[9] WTO, "United States—Tax Treatment for 'Foreign Sales Corporations,' Recourse to Arbitration by the United States, Decision of the Arbitrator," WT/DS108/ARB, Aug. 30, 2002.

[10] "Notice relating to the WTO Dispute Settlement proceeding concerning the United States tax treatment of Foreign Sales Corporations (FSC)—Invitation for comments on the list of products that could be subject to countermeasures," *Official Journal of the European Communities*, No. C 217/2 (Sept. 13, 2002).

[11] European Commission, "Foreign Sales Corporations: European Commission Publishes List of Products That Could Be Subject to Countermeasures," press release IP/02/1299, Sept. 13, 2002.

[12] Ibid.

[13] European Commission, "Foreign Sales Corporations: European Commission Submits to Member States Draft List of Products That Could be Subject to Countermeasures," press release IP/03/285, Feb. 26, 2003. On Feb. 26, 2003, following the public consultation procedure that began in September 2002, the European Commission presented member states with a draft list of products that could be subject to countermeasures. After a few changes, member states approved the list and the Commission endorsed it. On May 5, 2003, the WTO Dispute Settlement Body granted the EU authorization to increase by $4 billion its import tariffs on U.S. goods. There is no deadline by which the EU must impose countermeasures. However, according to Pascal Lamy, "The Commission will review [U.S. compliance] in the autumn, and if there is no sign that compliance is on the way at that time, it would then start the legislative procedure for the adoption of countermeasures by 1 January 2004." European Commission, "Foreign Sales Corporations: Following WTO Authorisation to Apply Countermeasures of Up to $4 Billion, EU Expects U.S. to Ensure Compliance With WTO Rules Before the Beginning of Next Year," press release IP/03/642, May 7, 2003.

At the May 2002 U.S.-EU summit, President Bush said that he would work with Congress to bring U.S. law into compliance with the WTO decision.[14] On July 11, 2002, Chairman Bill Thomas of the House Committee on Ways and Means introduced legislation (H.R. 5095, the American Competitiveness and Corporate Accountability Act of 2002) that would repeal the ETI regime.[15] During the year, the Committee on Ways and Means held several hearings on the issue, and the Committee on Finance of the U.S. Senate held one hearing.[16]

Agricultural Biotechnology

According to U.S. farmers, the EU's de facto moratorium on approvals of genetically modified crops and food products continues to disrupt U.S. exports of corn and threatens to disrupt U.S. exports of soybeans. In addition, proposed EU rules on traceability and labeling threaten to create serious burdens on U.S. exporters of agricultural biotechnology products.[17]

Background[18]

Since 1998, the EU has imposed a de facto moratorium on new approvals of agricultural biotechnology[19] products.[20] The U.S. export most affected by the EU moratorium is corn.[21] Several biotechnology varieties of corn are produced in the

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[14] The White House, President Bush, "Remarks With European Union Leaders in Press Availability," Washington, D.C., May 2, 2002, found at *http://www.state.gov/p/eur/rls/rm/2002/9909pf.htm*, retrieved April 21, 2003.

[15] House of Representatives, *Report on the Legislative and Oversight Activities of the Committee on Ways and Means during the 107th* Congress, Jan. 2, 2003, found at *http://frwebgate.access.gpo.gov*, retrieved April 22, 2003.

[16] In February 2003, the Bush administration again called on Congress to overhaul U.S. international tax rules, particularly the FSC/ETI regime. In a document explaining major revenue-related provisions of President Bush's budget request for fiscal year 2004, the Department of the Treasury stated, "The United States must comply with the WTO rulings in the FSC/ETI case. . . . The Administration will work with the Congress to develop and enact legislation that makes meaningful changes to our tax law to satisfy the twin goals of honoring our WTO obligations and preserving the competitiveness of U.S. businesses operating in the global marketplace." U.S. Department of the Treasury, *General Explanations of the Administration's Fiscal Year 2004 Revenue Proposals*, February 2003, found at *http://www.treas.gov/press/releases/reports/bluebook2003.pdf*, retrieved April 22, 2003.

[17] USTR, "European Union," 2003 National Trade Estimate Report on Foreign Trade Barriers, p. 112.

[18] For additional background information on the U.S.-EU biotechnology issue, see USITC, The Year in Trade: OTAP, 2001, USITC publication 3510, pp. 4-6 to 4-9. For a broader background on biotechnology trade, see James Stamps, "Trade in Biotechnology Food Products," International Economic Review, USITC publication 3571, November/December 2002, pp. 5-14.

[19] In the EU, agricultural biotechnology products (bioengineered, or transgenic agricultural products) also are referred to as genetically modified (GM) products or products containing genetically modified organisms (GMOs).

[20] USTR, "European Union," *2003 National Trade Estimate Report on Foreign Trade Barriers*, p. 112.

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

United States but have not been approved for sale in the EU.[22] As a result, U.S. exports of corn to the EU have declined dramatically, particularly to Spain and Portugal, the most significant EU importers of corn.[23] Although the United States traditionally has exported more soybeans than corn to the EU, soybean exports have not been disrupted because the one major biotechnology variety of soybeans produced in the United States has been approved for sale in the EU.[24] However, EU proposals made in 2001 for new regulations on biotechnology products, upon adoption, are expected to disrupt U.S. soybean as well as other agricultural biotechnology exports.[25]

The main legislation in force in the EU on agricultural biotechnology is Directive 2001/18, which regulates the authorization and use of genetically modified organisms (GMOs), including genetically modified (GM) seed, feed, and food.[26] Its general provisions also require traceability[27] and labeling. The purpose of two new regulations proposed by the European Commission in July 2001 is to supplement and provide more details regarding the general provisions in Directive 2001/18.[28] These two proposals cover (1) the traceability and labeling of GMOs and the traceability of food and feed products produced from GMOs,[29] and (2) the regulation of genetically modified food and animal feed.[30]

The proposed regulation on traceability and labeling of agricultural biotechnology products establishes common, harmonized EU requirements for the traceability of GMOs as well as GM food and feed. The EU claims traceability is necessary to verify labeling claims, to monitor long-term effects on the environment, and to facilitate the withdrawal from the market of GM products if later deemed necessary. In general,

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[22] Ibid.

[23] USTR, "European Union," *2003 National Trade Estimate Report*, p. 112.

[24] GAO, Concerns over Biotechnology Challenge U.S. Agricultural Exports, June 2001, pp. 10–11.

[25] Alan Larson, Under Secretary of State for Economic, Business and Agriculture Affairs, "U.S. Differences With Europe on Plant Biotechnology," remarks before the CATO Institute, Sept. 25, 2002, found at *http://www.state.gov/e/rls/rm/2002/13793.htm*, retrieved Feb. 4, 2003.

[26] *Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the Deliberate Release into the Environment of Genetically Modified Organisms and Repealing Council Directive 90/220/EEC, Official Journal of the European Communities*, No. L 106 (April 17, 2001).

[27] Traceability refers to the ability to trace biotechnology products through all stages of the production and distribution chains. This directive introduces for the first time into EU legislation the concept of traceability specifically for GMOs. See European Commission, *Explanatory Memorandum, Regulation of the European Parliament and of the Council concerning traceability and labelling of genetically modified organisms and traceability of food and feed products produced from geneticaly modified organisms and amending Directive 22001/18/EC,* p. 2.

[28] European Commission, "Commission Improves Rules on Labelling and Tracing of GMOs in Europe to Enable Freedom of Choice and Ensure Environmental Safety," press release IP/01/1095, July 25, 2001.

[29] European Commission, *Proposal for a Regulation of the European Parliament and of the Council concerning traceability and labelling of genetically modified organisms and traceability of food and feed products produced from genetically modified organisms*, COM(2001) 182 final, July 25, 2001.

[30] European Commission, *Proposal for a Regulation of the European Parliament and of the Council on genetically modified food and feed*, COM(2001) 425 final, July 25, 2001.

traceability requires operators, who buy and sell agricultural biotechnology products, to keep records to identify from whom they purchased these products and to whom the products were sold.[31]

The proposed regulation on GM food and feed provides for the pre-market authorization and labeling of GM food and feed. For the first time, the proposal establishes specific rules at the EU level for feed derived from GMOs, including a clear and transparent authorization procedure and rules on labeling.[32] The proposed regulation would also provide for a streamlined and centralized EU procedure on authorization of GM food (which currently is only partly centralized), and require labeling of bioengineered food and feed, regardless of whether any genetically modified components can be detected, which can often occur in items such as highly processed foods.[33] Under the proposal, authorization for GMOs likely to be used for both food and feed purposes must be granted for both uses or not at all. Acknowledging that the adventitious or unintended presence of GMOs in conventional products is largely unavoidable, the proposal permits the presence of certain GMOs[34] in a food or animal feed up to a maximum of 1 percent, below which traceability and labeling would not be enforced.[35]

Developments during 2002

The EU's de facto moratorium on biotechnology approvals continued throughout 2002. Furthermore, several member states continued to ban certain biotechnology products despite existing EU approvals, including Austria, Luxembourg, and Italy.[36] According to the European Commission, there are currently nine outstanding cases against member states invoking the safeguard clause of Directive 90/220 (the predecessor legislation to Directive 2001/18) to ban genetically modified corn and canola products from their territories. These cases, involving Austria, Luxembourg, France, Greece, Germany, and the United Kingdom, have been examined by the Scientific Committee on Plants, "which in all cases deemed that the information submitted by member states did not justify their bans."[37]

Until 2002, Directive 90/220 was the major piece of EU legislation establishing the procedures for gaining approval to market GMOs or release them into the environment. On October 17, 2002, the aforementioned directive was repealed and

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

[32] European Commission, "Commission Improves Rules on Labelling and Tracing of GMOs in Europe to Enable Freedom of Choice and Ensure Environmental Safety," press release IP/01/1095, July 25, 2001, pp. 2–3.

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

[34] These GMOs are defined as those that have received a favorable scientific assessment but have not yet been formally approved.

[35] European Commission, "Questions and Answers on the Regulation of GMOs in the EU," Memo/02/160, Mar. 4, 2003, pp. 8–9.

[36] USTR, "European Union," *2003 National Trade Estimate Report,* p. 112.

[37] European Commission, "Questions and Answers on the Regulation of GMOs in the EU," Memo/02/160, Mar. 4, 2003, p. 3.

Directive 2001/18 entered into effect. The new, revised directive strengthens and clarifies the step-by-step, case-by-case authorization procedure outlined in the original directive. It establishes time limits on approvals, sets explicit schedules for each stage of the approval process, and requires member states to ensure traceability and labeling.[38] It also requires a more detailed pre-market scientific evaluation of GMOs, taking account of the environmental risk assessment principles introduced in the new directive, and introduces mandatory post-market monitoring, including monitoring of possible long-term effects on the environment.[39]

In 2002, the proposed regulations on traceability and labeling as well as GM food and feed also progressed through the legislative process. The Agriculture Council reached a political agreement on GM food and feed regulation on November 28, 2002.[40] The Council endorsed the main features of the proposal, but agreed to lower the threshold of adventitious and technically unavoidable GM material in conventional food and feed for compulsory labeling from 1.0 percent to 0.9 percent.[41] The Council also agreed to apply for 3 years a 0.5 percent tolerance threshold for unintended GM material in food or feed that has not yet been formally approved, but has received a favorable EU scientific risk assessment.[42]

On December 9, 2002, the Environment Council reached political agreement on a common position for the regulation on traceability and labeling.[43] Similar to the proposal on GM food and feed, Environment Ministers agreed to set a tolerance threshold of 0.5 percent on the unintended presence of GMOs and a labeling threshold of 0.9 percent.[44] Both proposals must now go to the European Parliament before final adoption by the Council.[45]

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[38] The proposed regulation on traceability and labeling establishes common measures throughout the EU that would replace the national measures established in Directive 2001/18 on traceability and labeling. European Commission, "Margot Wallstrom Welcomes Agreement on Traceability and Labelling of Genetically Modified Organisms (GMOs)," press release IP/02/1836, Dec. 10, 2002.

[39] *Directive 2001/18/EC of the European Parliament and of the Council of 12 March 2001 on the Deliberate Release into the Environment of Genetically Modified Organisms and Repealing Council Directive 90/220/EEC, Official Journal of the European Communities*, No. L 106 (April 17, 2001).

[40] European Commission, "Commissioner David Byrne Welcomes Political Agreement of Council on Further Labelling Requirements for GMOs in Food and Feed," press release IP/02/1770, Nov. 28, 2002.

[41] The labeling threshold is for the combined adventitious presence of both authorized and unauthorized GM material. WTO, "Response from the European Commission to Comments Submitted by WTO Members Under Either or Both G/TBT/N/EEC/6 and G/SPS/N/EEC/149, (Proposal for a Regulation of the European Parliament and of the Council on Genetically Modified Food and Feed)," G/SPS/GEN/337, G/TBT/W/179, July 26, 2002, p. 25.

[42] European Commission, "Margot Wallstrom Welcomes Agreement on Traceability and Labelling of Genetically Modified Organisms (GMOs)," press release IP/02/1836, Dec. 10, 2002.

[43] European Commission, "Commissioner David Byrne Welcomes Political Agreement of Council on Further Labelling Requirements for GMOs in Food and Feed," press release IP/02/1770, Nov. 28, 2002.

[44] "Environment: Council Agrees on GMO Traceability and Labelling," *European Report*, No. 2735, Dec. 11, 2002, p. IV-21.

[45] The two proposals went to the European Parliament for a second reading in March 2003. Given the legislative process in the EU, the proposals are not likely to be implemented until 2004.

The EU authorized the commercial release of 18 GMOs under Directive 90/220, but 13 applications remained pending when the de facto moratorium began. With the entry into force of Directive 2001/18 in October 2002, 19 applications for authorization have been transmitted to the Commission, eight of which are updates of the 13 pending authorizations.[46] EU Trade Commissioner Pascal Lamy stated in early 2002 that "the best chance to re-start the process of approvals" was following the implementation of Directive 2001/18 later in 2002.[47] With the implementation of Directive 2001/18 on October 17, 2002, the European Commission indicated that "it has fulfilled its commitment to create the conditions to re-start the authorization procedure for GMOs."[48] However, a number of EU member states continue to oppose lifting the ban until the regulations on GM food and feed, as well as on traceability and labeling, are adopted.[49] By yearend 2002, the United States was considering challenging the EU moratorium in the WTO.[50]

Canada

Bilateral trade between the United States and Canada, the largest in the world between any two countries, was valued at nearly $1 billion a day during 2002. U.S.-Canadian commercial 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.[51] The bilateral phase-out of duties under CFTA/NAFTA was

[46] For example, see Dr. Guenter Burghardt, Ambassador and Head of Delegation of the European Commission to the United States, letter to The Honorable J. Dennis Hastert, U.S. House of Representatives, Apr. 11, 2003; and 2491st Council Meeting, Environment, Brussels, Mar. 4, 2003, press release 6677/03 (Presse 54), Mar. 4, 2003, found at *http://ue.eu.int/pressData/en/envir/74763.pdf*, retrieved May 7, 2003.

[47] 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.

[48] European Commission, "New GMO Directive Taking Effect Today Provides More Transparent and Effective System for Authorisation of GMOs, Says European Commission," press release IP/02/1513, Oct. 17, 2002.

[49] 2491st Council meeting, Environment, Brussels, Mar. 4, 2003, press release 6677/03 (Presse 54), Mar. 4, 2003, found at *http://ue.eu.int/pressData/en/envir/74763.pdf*, retrieved May 7, 2003.

[50] On Jan. 10, 2003, State Department spokesman Richard Boucher said that the United States was seriously considering taking the EU to the WTO if it fails to end its biotechnology moratorium. According to Mr. Boucher, "In the absence of any [action to end the moratorium], we must consider our options, and a WTO case against the European Union is one option that's currently under serious discussion." U.S. Mission to the EU, "Boucher on EU Biotech Moratorium," Jan. 10, 2003, found at *http://www.useu.be/Categories/Biotech/Index.htm*, retrieved Feb. 11, 2003. On May 5, 2003, the United States, Argentina, Canada, and Egypt requested consultations with the EU under the WTO, the first step in the WTO dispute-settlement process. USTR, "U.S. and Cooperating Countries File WTO Case Against EU Moratorium on Biotech Foods and Crops," press release 2003-31, May 13, 2003.

[51] Additional information on NAFTA is provided in chapter 3.

completed on January 1, 1998. This provided duty-free status for substantially all goods originating in the United States and Canada.[52] The major trade-related issue in 2002 continued to involve trade in softwood lumber.

U.S. trade with Canada decreased in 2002 for the second straight year. U.S. exports, valued at $142.5 billion, decreased $2 billion (1.4 percent) from 2001, while U.S. imports from Canada totaled $210.5 billion, a decrease of $6 billion (2.9 percent) from 2001. The leading U.S. exports to Canada in 2002 were all major motor vehicle products, including parts and accessories for bodies of motor vehicles, passenger motor vehicles, and parts and accessories for motor vehicles, and piston engines. The leading U.S. imports from Canada during 2002 included passenger motor vehicles, natural gas, and crude petroleum. The U.S. trade deficit with Canada in 2002 was $68.0 billion, a 6 percent decrease from the trade deficit in 2001. U.S.-Canadian trade data are shown in tables A-4 through A-6.[53]

Softwood Lumber

During 2002, the U.S. Department of Commerce ("Commerce") issued countervailing duty (CVD) and antidumping duty (AD) orders with respect to certain softwood lumber from Canada following final affirmative determinations in March and April 2002 of subsidies and dumping by Commerce, and a final determination in May 2002 by USITC that the domestic industry was threatened with material injury by reason of the subject imports. Canada sought review of these determinations by both WTO and NAFTA panels, and the matters were pending at yearend 2002. During 2002, a WTO panel also ruled on a request filed by Canada in 2001 challenging Commerce's preliminary subsidy determination. Neither country appealed the ruling, and it was adopted by the WTO Dispute Settlement Body in November 2002.

Background

The petitions that gave rise to the CVD and AD orders were filed with Commerce and USITC in April 2001, following the expiration of the U.S.-Canada Softwood Lumber Agreement (SLA).[54] Although negotiations were conducted, the United States and Canada did not reach a new agreement before the SLA expired. On April 2, 2001 the

[52] Duty-free status exists for most bilaterally traded goods, except for certain supply-managed products in Canada, such as poultry, eggs, and dairy products, 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. NAFTA entered into force on Jan. 1, 1994. The timetable for duty reductions as well as most of the terms of the CFTA were incorporated into NAFTA.

[53] U.S. trade with NAFTA partners is shown in table 4-1.

[54] The SLA, in effect during 1996-2001, expired in April 2001. Under the SLA, Canada agreed to impose a fee on softwood lumber exports to the United States above specified limits, and the United States committed not to initiate or otherwise take action under several U.S. trade statutes with respect to softwood lumber imports from Canada. For more information about the SLA, see USITC, *The Year in Trade; OTAP, 2001*, USITC publication 3510, pp. 4-12 to 4-14.

U.S. lumber industry filed petitions with Commerce and USITC under the U.S. countervailing duty (CVD) and antidumping (AD) laws.[55] Both agencies initiated investigations, and both made preliminary affirmative determinations during 2001.

Developments during 2002

In 2002, Commerce and USITC issued their final determinations, respectively, on dumping and countervailing duties and on material injury. In its final determinations, as amended on April 25, 2002, Commerce found a countrywide countervailable subsidy of 18.79 percent and margins of dumping ranging from 2.18 percent to 12.44 percent.[56] On May 2, 2002, USITC determined that the U.S. lumber industry was threatened with material injury, thereby triggering the imposition of permanent duties.[57] The duties apply to about $6.1 billion in annual softwood lumber imports—species such as spruce and fir used in home building, which constitute about one-third of the U.S. market.[58]

On September 27, 2002, a WTO panel issued its report in response to a Canadian request filed in 2001 challenging Commerce's preliminary subsidy determination.[59] On November 1, 2002, the WTO Dispute Settlement Body adopted the panel report. The United States Trade Representative indicated on November 1, 2002 that the United States would not appeal the WTO panel report because the report "does not affect the final countervailing duties, that were set in April 2002 by . . . [Commerce], which are subject to a separate WTO proceeding."[60] Canada also did not appeal the panel's findings, likewise noting that further WTO proceedings were underway regarding a Canadian challenge to the final CVD imposed on lumber imports.[61]

In addition to pursuing a WTO challenge to the final Commerce affirmative determinations of subsidies and dumping, and the final ITC determination of threat of

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[55] The petitioners included: Coalition for Fair Lumber Imports Executive Committee, Washington D.C.; the United Brotherhood of Carpenters and Joiners, Portland, Oregon; and the Paper, Allied-Industrial, Chemical and Energy Workers International Union, Nashville, TN. USITC, *Conditions of Competition in the U.S. Market for Wood Structural Building Components*, investigation No. 332-445, USITC publication 3596, April 2003.

[56] 67 F.R. 15545, April 2, 2002. Commerce exempted from the CVD determination softwood lumber products from the Maritime provinces unless they had been produced on the Crown lands.

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

[58] Canadian Department of Foreign Affairs and International Trade (DFAIT), "Softwood Lumber", found at *http://www.dfait-maeci.gc.ca/eicb/softwood/intro-en.asp*, retrieved April 30, 2003.

[59] Canada requested WTO consultations on Commerce's preliminary affirmative countervailing duty decision on Aug. 21, 2001, and subsequently requested formation of a dispute settlement panel. A WTO panel was established on Dec. 5, 2001.

[60] USTR, "WTO Adopts Report Upholding U.S. Position on Canadian Lumber Subsidies," press release 02-104, Nov. 1, 2002.

[61] To date, 2003 has been characterized by U.S.-Canada negotiations and by continuation of legal actions filed in 2002 in the WTO and NAFTA. On Jan. 8, 2003, the WTO established a panel to hear Canada's challenge of Commerce's final dumping determination relating to Canadian lumber imports. On May 7, 2003, the WTO established a panel to hear Canada's challenge of the Commission's final affirmative injury determination.

material injury, the Government of Canada, the provinces, and Canadian industry also initiated three NAFTA chapter 19 binational reviews regarding the U.S. final dumping, subsidy, and injury determinations.[62]

Mexico

Mexico maintained its position in 2002 as the third-largest U.S. trading partner after the EU and Canada and before Japan. U.S. exports to Mexico in 2002 were valued at $86.1 billion, a 4.9 percent decline from $90.5 billion in 2001. This decline reflected a decline in U.S. exports of intermediate products to assembly plants in Mexico in areas including electronic and apparel production as U.S. marketers of these products shifted some of their assembly and/or sourcing to China and other suppliers in Asia. U.S. imports from Mexico were valued at $134.1 billion in 2002, an increase of 2.8 percent from $130.5 billion in 2001. Rising U.S. imports from Mexico were accounted for largely by a 32 percent increase in the value of petroleum imports, as well as an increase in imports of parts for automobiles and aircraft. Falling U.S. exports and rising U.S. imports widened the U.S. deficit in trade with Mexico to $48 billion in 2002 from $40 billion in 2001. U.S.-Mexican trade data are shown in appendix tables A-7 through A-9.

U.S. agricultural exports to Mexico, and their possible adverse effects on Mexican farming interests, as perceived by Mexico, were in the forefront of U.S.-Mexican trade relations during 2002. In addition, some long-standing trade issues remained unresolved, including bilateral trade in sweeteners and U.S. implementation of NAFTA cross-border trucking provisions.

Mexico's Agricultural Imports from the United States

Background

During 2002 and continuing into 2003, Mexican farmers staged protests calling for the suspension or renegotiation of NAFTA's agricultural provisions. The farmers expressed concern about losing tariff protection for their products. As stipulated by NAFTA, tariffs on some 90 percent of Mexico's imports of agricultural and livestock products from the United States (excluding corn, sugar, dry edible beans, and powdered milk) were eliminated on January 1, 2003.[63] Although Mexico's tariffs on

[62] NAFTA dispute settlement cases USA-CDA-2002-1904-02, USA-CDA-2002-1904-03 and USA-CDA-2002-1904-07, respectively. NAFTA chapter 19 binational panels are discussed in chapter 4 of this report. A decision affirming in part and remanding in part Commerce's final affirmative CVD determination was issued by a NAFTA binational panel in July 2003. NAFTA Secretariat, "In the Matter of Certain Softwood Lumber Products from Canada: Final Affirmative Antidumping Determination," File No. USA-CDA-2002-1904-02, July 17, 2003. Decisions by the other two NAFTA binational panels were scheduled for July 2003 for Commerce's final affirmative CVD determination, and September 2003 for the USITC final injury determination.

[63] USDA, Foreign Agricultural Service (FAS), "Mexico's NAFTA Tariff Schedule for 2003," *GAIN Report* MX3011, Jan. 23, 2003.

most U.S. farm export products had been less than 2 percent ad valorem during 2002, some products were still dutiable at relatively high levels, including imports of chicken parts and pork products that exceeded the tariff-rate quotas (TRQs) for these products.[64]

Since NAFTA entered into force in 1994, U.S.-Mexican agricultural trade has increased rapidly in both directions. U.S. exports to Mexico of several agricultural commodities, which are produced in the United States at a comparative advantage, have grown considerably, including corn, wheat, grain sorghum, cotton, pears, and apples. However, so have Mexican exports to the United States alos have grown for products that are highly competitive in the U.S. market, including tomatoes, avocados, and some fruits and vegetables. The United States is the largest market for Mexican agricultural exports, absorbing 78 percent of the total.[65]

Meanwhile, some Mexican farmers, including subsistence farmers and those producing certain items including poultry and pork, contend that competition from U.S. imports has caused great hardship. These farmers perceive NAFTA as the principal cause of their problems, and this perception led them to demonstrate against the agreement. The U.S. Embassy in Mexico City responded in December 2002 to the farmers' charges about NAFTA and imports from the United States, by pointing out that NAFTA has benefitted both parties and that NAFTA "has offered a reasonable implementation period that has permitted both countries to adjust to the changing conditions of the market."[66] The U.S. Trade Representative commented on the agricultural trade issue as follows:

> Trade growth in agricultural products has in fact been remarkably balanced since the NAFTA was implemented, with U.S. exports increasing by 100.4 percent from 1993 to 2002, and imports increasing by 103 percent.[67]

In addition, many analysts, including some on the Mexican side, believe that Mexico has failed to use the NAFTA transition period to prepare the country for open competition with the United States in terms of infrastructure, marketing, transportation, and financing.[68]

Mexican President Vicente Fox stated that he would not seek the renegotiation of the agreement as called for by farming interests. He promised, however, to implement special measures to protect Mexican farmers from the consequences of lost tariff protection.[69]

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[64] Embassy of the United States in Mexico, "Reply to the Critics against the Agricultural Policies of the United States and NAFTA," Dec. 5, 2002, found at *http://www.usembassy-mexico.gov*, retrieved Feb. 4, 2003. Bilateral trade in chicken and chicken parts is discussed in more detail below.

[65] Ibid.

[66] Ibid.

[67] USTR, "Mexico," *2003 Trade Estimate Report*, p. 271.

[68] USDA, FAS, "Mexico: Weekly Highlights and Hot Bites," *GAIN Report* No. MX3005, Jan. 8, 2003, p. 5, and *La Jornada, Reforma*, and *El Financiero*, Jan. 7, 2003.

[69] *El Financiero* and *La Jornada*, Dec. 10, 2002 issues.

"Agricultural Armor" Package

On August 8, 2002, Luis Ernesto Derbez, then Mexico's Secretary of the Economy, and Javier Usabiaga, Mexico's Secretary of Agriculture and Fisheries, jointly announced that their agencies would implement a program of "Agricultural Armor," i.e., protective measures to help Mexican farmers face foreign competition.[70] This program was to include reforms of Mexico's foreign trade laws to allow faster processing of antidumping and safeguard complaints. Mr. Derbez stated that subsidies in the U.S. farm bill, signed into law on May 13, 2002,[71] would further increase what he considered to be Mexico's disadvantage in competing with certain agricultural imports from the United States. The proposed Mexican farm program, he said, would seek an even playing field for Mexican agricultural products, which face more competition from imports because of NAFTA.

The Fox Administration announced its own "Agricultural Armor" program on November 18, 2002.[72] The program's principal stated goal is "to ensure the feasibility and competitiveness of the Mexican Agricultural Sector in an open economy context."[73] The proposal contains several bills and proposed regulations and standards, including new sanitary and phytosanitary measures; new provisions for food safety; and new standards for food quality. It also calls for revision of Mexico's Foreign Trade Law to allow domestic producers faster recourse to protection in cases of unfair commercial practices by trading partners, and for expanded support for agriculture.

Mexican officials stated that the main objective of the package was not to restrict trade, but to make Mexican agriculture more competitive.[74] They view the program as consistent with Mexico's obligations under international trade agreements, and indicate that they will rely heavily on accelerated antidumping procedures and on NAFTA's safeguard provisions.[75] In April 2003, The U.S. Trade Representative characterized recent developments as follows:

> The most significant development of trade with Mexico over the last year has been a dramatic increase in the number of new barriers Mexico has put in place to block imports from its NAFTA partners on agricultural products. These include dumping orders, safeguards, illegitimate use of [sanitary and phytosanitary] measures and unsubstantiated questions about compliance with customs procedures.[76]

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[70] U.S. Department of State telegram, "Mexico Announces Plan to Protect Domestic Agriculture," message reference No. 06507, prepared by U.S. Embassy, Mexico City, Aug. 14, 2002; "Anuncian SE y SAGARPA un Blindaje Agroalimentario," *El Economista*, Aug. 8, 2002; and "CNA Propone Blindaje Agroalimentario," *El Economista*," Oct. 10, 2002.

[71] Farm Security and Rural Investment Act, P.L. 107171.

[72] USDA, FAS, "Mexico's Agricultural Armor Package 2002," *GAIN Report* No. MX2173, Dec. 19, 2002.

[73] Ibid., p. 4.

[74] U.S. Department of State telegram, "More Details on AG Armor Proposal," message reference No. 10268, prepared by U.S. Embassy, Mexico City, Dec. 10, 2002.

[75] USDA, FAS, "Mexico's Agricultural Armor Package," *GAIN Report* No. MX2173, Dec. 19, 2002.

[76] USTR, "Mexico," *2003 Trade Estimate Report*, p. 271.

The following are examples of Mexico's antidumping, safeguard, and other actions taken since the Government promised stepped up protective efforts.[77]

Apples

On August 9, 2002, Mexico's Secretary of the Economy reactivated a 1997 antidumping case on imports of U.S. golden delicious and red delicious apples. This case had been suspended in 1998 following negotiation of a five-year suspension agreement between the U.S. apple industry and the Mexican Government, which established minimum prices for the apples in question. The suspension agreement had been scheduled to expire on April 1, 2003.[78]

Effective August 13, 2002, the Mexican Secretary of the Economy set the preliminary antidumping duty at 46.58 percent, which was lower than the 101 percent preliminary antidumping duty set earlier.[79] This duty was in addition to the NAFTA safeguard duty on apples of 2 percent for in-quota apples and 20 percent for out-of-quota apples for 2002. Since the quota had already been filled for 2002 at the time the preliminary antidumping was imposed, imports of golden delicious and red delicious apples were subject to an overall duty of 66.58 percent for the remainder of 2002.[80] Two U.S. companies, Importers of Price Cold Storage & Packing Company, Inc. and Washington Fruit and Produce Co., were exempted from paying this duty.[81]

The imposition of antidumping duties was expected to seriously reduce apple shipments from the United States to Mexico. Mexico was the leading U.S. export market for apples in 2002. However, U.S. apple exports to Mexico declined by 29 percent in value in 2002, falling behind exports to Canada.[82]

Chicken leg quarters

On September 10, 2002, the Mexican poultry industry filed a petition with the Mexican Government requesting that the government impose a safeguard measure under the bilateral "emergency action" safeguard provision in chapter 8 of NAFTA on imports of U.S. chicken leg quarters. Mexico's Secretary of the Economy initiated an investigation

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[77] On April 28, 2003, Mexican President Fox signed an accord with agricultural sector representatives that calls for Mexico to negotiate with the United States and Canada for side agreements to NAFTA that would restrict trade in corn and beans, as well as to provide "defense mechanisms" to protect farmers from subsidized food imports.

[78] USDA, FAS Online, "Mexico Reimposes Antidumping Duty on U.S. Apples," Aug. 16, 2002, found at *http://www.fas.usda.gov/*, retrieved Nov. 14, 2002; "Mexico Sets Antidumping Duties of 46.58 Percent on U.S. Apple Imports," *BNA-International Trade Daily*, Aug. 13, 2002.

[79] Apples affected by the duties are classified under Mexican tariff code 0808.10.01. USDA, FAS Online, "Mexico Reimposes Antidumping Duty on U.S. Apples," August 16, 2002, found at *http://www.fas.usda.gov/*, retrieved Nov. 14, 2002.

[80] USDA, FAS, "Fresh Deciduous Fruit, Annual 2002," *GAIN Report* No. MX2120, Aug. 8, 2002, p. 2.

[81] Ibid., and USTR, "Agreement Between the U.S. Apple Industry and the Government of Mexico," *Press Release* 98-33, March 20, 1998.

[82] USDA, FAS, "Apple Situation in Selected Northern Hemisphere Countries," pp 3–4 and p. 10., found at *http://www.fas.usda.gov/htp/circular/2002/02-11/Apple.htm*, retrieved Jan. 15, 2003.

on November 21, 2002,[83] and the investigation was pending at the end of 2002. On January 1, 2003, under the NAFTA, Mexican tariffs on U.S. poultry exports fell to zero. On January 22, 2003, Mexico announced that it had concluded that the elimination of tariffs on U.S. poultry had resulted in "critical circumstances" and that Mexico would impose a provisional safeguard measure on U.S. poultry imports pending completion of a full investigation.[84] The provisional measure was in the form of a tariff-rate quota for a 6-month period, with the first 50,000 metric tons of chicken leg quarters to enter duty-free, and additional U.S. exports to be subject to a duty of 98.8 percent.[85]

Monitoring certain imports

On December 30, 2002, the Mexican Government announced in the Diario Oficial (Mexico's Federal Register) its intention to monitor and report on monthly imports from the United States and Canada for a number of agricultural products—including barley, potatoes, poultry, and pork products. If imports increase relative to prior years in a way that could be perceived as damaging to the domestic industry, Mexico is to immediately initiate safeguard investigations.[86]

Bilateral Trade in Sweeteners

A bilateral dispute between the United States and Mexico over sweetener trade—Mexican access to the U.S. sugar market and U.S. access to the Mexican high-fructose corn syrup (HFCS) market—continued during 2002. While there was progress, the talks yielded no definite results by the end of the year. HFCS is used primarily as a sweetener in soft drinks, but it is also an input in the bakery, fruit processing, fruit juice canning, and yogurt industries. Because both sugar and HFCS are used in the soft drink industry, issues of their access to the partner's market are closely linked.

Background

Under NAFTA, Mexico's access to the U.S. sugar market depends on the country's net surplus production (NSP), which is defined as production minus domestic consumption. The two countries have disagreed on the calculation of Mexico's NSP, in particular, whether HFCS consumption should be included in the calculation, as desired by the United States, or excluded, as desired by Mexico.[87] This disagreement caused a large

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[83] *Diario Oficial*, Nov. 21, 2002.

[84] Under NAFTA, imports of chicken parts into Mexico were subject to a tariff-rate quota through 2002. In 2002, the over-quota rate of duty was 49.4 percent.

[85] USTR, "U.S. Works to Secure Poultry Exports to Mexico," press release, 2003–05, Jan. 23, 2003.

[86] USDA, FAS, "Weekly Highlights and Hot Bites," *GAIN Report* No. MX2175, Dec. 30, 2002, p. 2.

[87] The U.S. position on how Mexican sugar surplus should be calculated is based on a 1993 NAFTA "side letter," which also caps annual duty-free imports of Mexican sugar at 250,000 metric tons. The validity of this "side letter" was questioned by Mexico on grounds that it lacks approval by the Mexican

gap between the volume of Mexico's entire sugar surplus to which the Mexican Government felt it was entitled under NAFTA to sell on the U.S. market beginning FY 2001, and the actual allocations to Mexico that the United States has been willing to make from its total duty-free tariff-rate quota (TRQ).[88]

For the period covered by FY 2001 through FY 2007, the United States has allocated duty-free access to Mexico for up to 250,000 metric tons of sugar under NAFTA.[89] Mexican officials have expressed the view that the gap between their country's entitlement (as they define it) to export and this quota is an important cause of the Mexican sugar industry's problems of overproduction, falling prices, and debt.[90]

Developments during 2002

In 2002, negotiations continued over Mexican access to the U.S. sugar market and the related issue of U.S. access to the Mexican market for HFCS. The United States has not announced the allocation of its sugar TRQ to Mexico for FY 2002/03, which remains subject to these negotiations, as discussed in more detail below. In April, 2002, a final NAFTA ruling found Mexico's antidumping duties on HFCS from the United States illegal, and ordered the Mexican government to eliminate the tariffs within 30 days.[91] Mexico eliminated the tariffs on May 20, 2002, however the Mexican Government took action to counter the elimination of the tariffs.[92]

Effective January 1, 2002, the Mexican Congress approved a 20 percent consumer tax on soft drinks sweetened with HFCS rather than sugar.[93] The United States responded to this new tax "with strong concern," stating that "[t]he protectionist action by the Mexican Congress is discriminatory and destructive, and establishes a major barrier in the way of settlement of the broader sweetener dispute."[94] The U.S.

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[87]—*Continued*
Senate. 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; *OTAP, 2000*, USITC publication 3428, p. 4-15; and OTAP, 2001, USITC publication 3510, p. 4-19.

[88] Ibid.

[89] Ibid., and USDA, Economic Research Service, "Effects of the North American Free Trade Agreement on Agriculture and the Rural Economy," July 2002, found at *http://www.ers.usda.gov/publications/*, retrieved Nov. 11, 2002.

[90] For background information, 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; *OTAP, 2000*, USITC publication 3428, p. 4-15; and *OTAP, 2001*, USITC publication 3510, p. 4-19.

[91] NAFTA, *Binational Panel, Final Decision; 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-USA-98-1904-01*, Apr. 15, 2002, found at *http://www.nafta-sec-alena.org/*; retrieved Oct. 22, 2002.

[92] "Resolution that complies with the final decision of the Binational Panel of April 15, 2002, on the dumping investigation (case MEX-USA-98-1904-01) on high fructose corn syrup (HFCS) classified under tariff items 1702.40.99 and 1702.80.01 of the General Import Tariff Law published on January 23, 1998," *Diario Oficial*, May 20, 2002 (found in *NAFTA Works*, June 2002).

[93] USTR, "USTR Expresses Strong Concern With Mexican Tax on Soft Drinks Containing High Fructose Corn Syrup," Press Release 02-09, Jan. 22, 2002 (mistakenly, the date of the press release is shown as Jan. 22, 2001, but the text makes the error clear).

[94] Ibid.

response added that the new tax will effectively eliminate the use of HFCS in the Mexican beverage industry; it will reduce sales of HFCS by U.S. firms, lower U.S. exports of corn used to produce HFCS in Mexico, and even have a negative effect on Mexico's corn refining sector.[95] U.S. exports of HFCS to Mexico declined by 95 percent in value in 2002.[96]

In response to U.S. concerns, Mexican President Fox issued a decree on March 5, 2002, suspending the tax for seven months.[97] However, on July 15, Mexico's Supreme Court overturned this presidential decree as unconstitutional, restoring the tax.[98] On April 22, 2002, Mexico's Secretary of the Economy established a new 148,000 metric ton TRQ for U.S.-made HFCS for FY 2002/03, effective September 2002.[99] This act required the reclassification of the United States from NAFTA preferential trading partner to an MFN partner for this trade. Mexico justified the reclassification by claiming that the United States was not fulfilling its NAFTA obligation to allow Mexico's excess sugar into the U.S. market.[100] These protective Mexican measures were still in effect at the end of 2002, but the United States and Mexico remained engaged in trying to resolve the problem of sweetener trade.

Access of Mexican Commercial Vehicles to U.S. Roads

The opening of the U.S. interior to Mexican trucks and buses did not occur during 2002 as was expected.[101] At the end of the year, however, President Bush cleared the way for Mexican commercial vehicles on U.S. highways by asking Norman Mineta, Secretary of the United States Department of Transportation (USDOT) to begin immediately reviewing 130 applications from Mexican trucking and bus companies that wish to operate in the United States.[102] The President stated that, with this action, the United States will have fulfilled its obligations under NAFTA.[103] A subsequent news release stated that USDOT is ready for cross-border traffic because it has fulfilled the requirements of having a sufficient number of inspectors, facilities, and measures in place to effectively carry out the inspections of Mexican trucks.[104]

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[95] Ibid.

[96] Schedule B items 1702.40.0000 and 1702.60.0050.

[97] USTR, "USTR Zoellick Pleased Mexico Exempts High Fructose Corn Syrup from Protectionist Tax," *Press Release 2002-29, March 5, 2002* and John Nagel, "Mexican Supreme Court Reinstates Tax on Soft Drinks Made with Corn Syrup," BNA, *International Trade Daily*, July 16, 2002.

[98] "Corn Refiners Association, "Corn Refiners Reviewing Mexican Supreme Court Ruling," *New Statement*, July 12, 2002.

[99] USDA, "Sugar and Sweeteners Outlook," *Electronic Outlook Report from the Economic Research Service*, May 31, 2002, p. 2, found at *http://www.ers.usda.gov*.

[100] Ibid.

[101] For background information, see USITC, *The Year in Trade, 2001: OTAP*, USITC publication 3510, May 2002, p. 4, and earlier reports in this series.

[102] The White House, "Memorandum for the Secretary of Transportation," Nov. 27, 2002, found at *www.whitehouse.gov/news/releases/2002/11/20021127*, retrieved Dec. 6, 2002.

[103] Ibid.

[104] USDOT, "U.S. Transportation Department Implements NAFTA Provisions for Mexican Trucks, Buses," *Press Release*, DOT 107-02, Nov. 27, 2002, found at *www.dot.gov/briefing.htm*, retrieved Dec. 6, 2002

Background

Since 1982, Mexican-based operators have not been allowed to work in the United States outside a narrow commercial zone along the U.S. border, in accordance with a moratorium on the issuance of certificates or permits to motor carriers of contiguous foreign countries.[105] Under NAFTA, the United States was to lift this restriction gradually, provided Mexican operators met the safety standards specified for U.S. operators.

The dispute over access of Mexican trucks and buses to U.S. highways began at the end of 1995, when the United States delayed implementing the first phase of easing restrictions on cross-border traffic under NAFTA. The United States cited safety reasons on U.S. roads for justifying the delay. Bilateral consultations on adapting Mexican vehicles and drivers to U.S. safety requirements continued, but no agreement on access was reached. Interest in the issue intensified in 1999, as the January 1, 2000 NAFTA deadline for free access to Mexican trucks and buses to the entire United States approached. U.S. authorities determined that year that, restrictions notwithstanding, Mexican trucks that had not complied with U.S. safety standards had already found ways to haul cargo into U.S. territory.[106] Access of Mexican trucks and buses to all U.S. roads was not granted on January 1, 2000, and Mexican trucks continued to be restricted to the border zone.

Developments during 2002

On March 19, 2002, the Federal Motor Carrier Safety Administration of USDOT issued a series of rules Mexican truckers must accept in order to have access to the U.S. interior.[107] Those rules establish the following requirements:

- Mexican carriers applying to operate in the United States are required to have a distinctive USDOT number, have their vehicles pass a safety inspection, and undergo safety monitoring during an 18-month provisional period.
- Mexican commercial vehicles are to be permitted to enter the United States only at commercial border crossings and only when a certified motor carrier safety inspector is on duty.

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[105] P.L. 97-261 (96 Stat. 1103) imposed a moratorium on the issuance of certificates or permits to motor carriers domiciled in, or owned or controlled by persons of a contiguous foreign country, and authorized the President to modify the moratorium.

[106] A 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. See USDOT, 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.

[107] USDOT, FMCSA, "Implementing NAFTA; USDOT Sets Safety Requirements for Mexican Trucks, Buses in the United States," FMCSA 5-02 *News Release*, Mar. 14, 2002, found at *http://www.fmcsa.dot.gov*, retrieved Dec. 9, 2002.

- Mexican carriers operating in the United States are required to have a drug and alcohol-testing program, a system of compliance, adequate data and safety management systems, and valid insurance with a U.S.-registered insurance company.
- Mexican carriers are to be subject to safety audits to verify that they meet all requirements.[108]

Mexican authorities continued to challenge these rules even after November 27, 2002, when President Bush instructed USDOT to begin reviewing the applications of Mexican commercial vehicles for crossing the U.S. border.[109] On November 28, Mexico's Secretary of the Economy and the Minister of Transportation jointly said:

> The Mexican Government reiterates that the rules for the opening established by the United States contain discriminatory and discretional elements, in the sense that the rules don't apply in the same measure to U.S. and Canadian transporters.[110]

USDOT rules also were challenged in the United States by interest groups opposed to allowing Mexican trucks on U.S. roads. Specifically, a coalition of labor interests of the International Brotherhood of Teamsters, consumer, environmental, and trucking interests filed suit in December 2002 in the U.S. Court of Appeals for the Ninth Circuit, requesting the Court to enjoin the U.S. Government from opening the U.S. highways to Mexican trucks.[111]

Japan

U.S. exports to Japan decreased from $53.5 billion in 2001 to $48.3 billion in 2002, or by almost 10 percent. U.S. imports from Japan declined by almost 4 percent, from $126.1 billion in 2001 to $121.3 billion in 2002. As a result, the U.S. merchandise trade deficit with Japan increased from $72.6 billion in 2001 to $73.0 billion 2002. The leading U.S. exports to Japan in 2002 were parts of airplanes or helicopters; airplanes and other aircraft; corn; electronic digital integrated circuits; cigarettes; and computer parts and accessories. Leading U.S. imports from Japan in 2002 were

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[108] Ibid.

[109] The White House, "Memorandum for the Secretary of Transportation," Nov. 27, 2002, found at *www.whitehouse.gov/news/releases/2002/11/20021127*; retrieved Dec. 6, 2002, and U.S. Department of Transportation, Federal Motor Carrier Safety Administration, "U.S. Transportation Department Implements NAFTA Provisions for Mexican Trucks, Buses," *Press Release*, DOT 107-02, Nov. 27, 2002, found at *www.dot.gov/briefing.htm*, retrieved Dec. 6, 2002.

[110] John Nagel, "Mexico Faults Cross-Border Trucking Rules, May Seek Suspension of U.S. Trade Benefits," *BNA—International Trade Daily*, Dec. 2, 2002.

[111] Public Citizen v. Department of Transportation, Nos 02-70896, 02-71249 (9th Cir., petition for review filed Dec. 12, 2002). On Jan. 16, 2003, the court ruled that USDOT must prepare a full environmental impact statement and show compliance with the Clean Air Act before the U.S. border can be opened to Mexican motor carriers.

passenger motor vehicles; parts and accessories for computers; still image video cameras; input or output units for computers; and parts and accessories for motor vehicles. U.S.-Japan trade data are shown in appendix tables A-10 through A-12.

There were few bilateral negotiations between the United States and Japan during 2002. Major discussions focused on the "U.S.-Japan Economic Partnership for Growth," initiated in 2001. There were no bilateral meetings of the Automotive Consultative Group in 2002, the group formed in 2001 to address market access issues concerning automobiles and automobile parts. Other bilateral talks focused on sectoral deregulation (telecommunications, satellites, and information technology), structural deregulation (competition policy), construction, intellectual property rights, insurance, and investment.

U.S.-Japan Economic Partnership for Growth

The U.S.-Japan Economic Partnership for Growth ("Partnership") was launched on June 30, 2001 as a bilateral forum for discussing a wide range of global, regional, and bilateral economic and trade issues. The Partnership is chaired by the U.S. National Security Council and the Japanese Ministry of Foreign Affairs. Several new initiatives were started under the Partnership including the Regulatory Reform and Competition Policy Initiative ("Regulation Reform Initiative"), the Investment Initiative, the Financial Dialogue, and the Trade Forum.[112]

The inaugural meeting of the Trade Forum was held in Tokyo on July 12, 2002.[113] Concerns raised by the United States included Japan's use of non-science based sanitary and phytosanitary measures as trade barriers to U.S. agricultural imports, and market access for U.S. exports of rice, barley, and wheat. The United States also addressed longstanding bilateral trade issues such as obstacles that prevent U.S. companies from full and fair participation in Japan's public works sector, and market access for U.S. exports of flat glass, marine craft, and motorcycles.[114]

A meeting of the Regulatory Reform Initiative was held on June 13, 2002, during which the United States and Japan agreed to accelerate work on compiling a deregulation report. The report was to be submitted to President Bush and Prime Minister Junichiro Koizumi at a meeting on the sidelines of the summit of the Group of Eight major states during June 26–27, 2002 in Kananaskis, Canada. At the Regulatory Reform meeting, the two sides exchanged opinions but they did not finalize the report. On June 26, 2002, U.S. Trade Representative Robert Zoellick announced the release of the deregulation report ("The First Report to the Leaders on the U.S.-Japan Regulatory

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[112] For additional information on the Partnership, see USITC, *The Year in Trade: OTAP, 2001*, USITC publication 3510, pp. 4-25 through 4-27.

[113] U.S. Embassy, Tokyo, "U.S. and Japan Hold First Meeting of Trade Forum," press release, July 12, 2002, found at *http://usembassy.state.gov/posts/ja1/wwwhpr0063.html*, retrieved Aug. 26, 2003.

[114] Ibid.

Reform and Competition Policy Initiative"). According to Ambassador Zoellick, "the report contains key regulatory reform measures that Japan has agreed to take to bolster its economy and remove market barriers to U.S. investors and exporters of goods and services."[115] The report included reforms in telecommunications, information technology, and energy. In the area of information technology, the report included measures to liberalize trade in digital products and strengthen digital security. Other measures addressed in the report were as follows: elimination of burdensome licensing and notification requirements in the telecommunications sector; steps to strengthen protection of intellectual property rights over the Internet and in digital form; development of principles to liberalize the electricity and gas sectors; reforms to expedite pharmaceutical and medical device approvals; commitment to revise Japan's arbitration law; and streamlined customs clearance procedures.[116]

On October 23, 2002, USTR presented to the Government of Japan its annual set of regulatory proposals under the Regulatory Reform Initiative. The recommendations focused on sectors such as information technology, telecommunications, energy, medical and health care, and broad sectoral issues such as competition policy. Specific proposals included removing barriers to e-commerce, establishing an independent regulatory body for the telecommunications sector, and expediting plans to liberalize the electricity and gas sectors.

China

U.S. exports to China totaled $20.6 billion in 2002, up from $18.0 billion in 2001. U.S. imports from China totaled $124.8 billion in 2002, compared to $102.1 billion in 2001. As a result, the U.S. merchandise trade deficit with China increased to $104.2 billion in 2002 from $84.1 billion in 2001. Leading U.S. exports to China in 2002 were aircraft, soybeans, electronics, and fertilizers. Leading U.S. imports from China in 2002 were computer input or output units, parts, and accessories; footwear; toys; and video recording devices. U.S.-China trade data are shown in appendix tables A-13 through A-15.

China's WTO Implementation

China became the 143rd member of the WTO on December 11, 2001. As a part of its bilateral negotiations with the United States for WTO accession, China agreed to specific provisions with respect to market access, tariff reductions, tariff-rate quota implementation, agricultural products, investment, financial services, and many other

[115] USTR, "USTR Zoellick Welcomes Progress Japan Pledges in New Regulatory Reform Report," press release 2002-58, United States Embassy, Tokyo, June 26, 2002.
[116] Ibid.

issues.[117] During its first full year as a member of the WTO, China concentrated efforts on a number of broad trade-related reforms, including changes to: (1) framework of laws and regulations of trade; (2) restructuring of trade-related ministries; and (3) WTO education for Chinese industry and the general public.[118] China began updating its framework of laws and regulations governing trade in goods and services, at both the central and local levels. According to USTR, China revised a large number of laws and regulations with potentially major implications for U.S. producers and investors, including a revision of its patent, trademark, and copyright laws.[119]

U.S. Assessment of China's WTO Compliance during 2002

As part of its WTO accession, China consented to the creation of a special multilateral mechanism for annual reviews of its WTO compliance. Known as the Transitional Review Mechanism (TRM), this mechanism is to operate for 8 years after China's accession, with a final review by year 10. According to USTR, one reason the TRM was needed was that China had been allowed to accede before its laws and regulations had been made WTO-consistent.[120]

Approximately 17 U.S. federal agencies, led by USTR, monitor China's progress in meeting its obligations under the WTO accession agreement.[121] In its 2002 report to Congress on China's WTO compliance, USTR said that China has spent significant resources on improving its framework of laws and regulations of trade in goods and services, at both the national and provincial levels.[122] The Chinese government "embarked on an extensive campaign to teach central and local government officials and state-owned enterprise managers about both the requirements and the benefits of WTO membership, with the goal of facilitating China's WTO compliance."[123] The report also explained that compliance problems often stem from "a lack of effective or uniform application of China's WTO commitments at local and provincial levels," and "found China's overall efforts to be plagued by uncertainty and a lack of uniformity."[124] The report cited three other WTO-commitment areas where the USTR found "significant problems" that "warrant continued U.S. scrutiny—agriculture,

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[117] For a summary of the U.S.-China WTO agreement, see USITC, I, USITC publication 3336, August 2000, pp. 65-69. Also see USTR, *Summary of U.S.-China Bilateral WTO Agreement*, released February 2, 2000.

[118] USTR, "China," *2003 National Trade Estimate Report*, p. 46.

[119] Ibid.

[120] USTR, "2002 Report to Congress on China's WTO Compliance," p. 6, found at *http://www.ustr.gov*, retrieved Apr. 26, 2003.

[121] For information on the roles of different government agencies in the monitoring of trade agreements, see U.S. General Accounting Office (GAO), "International Trade: Strategy Needed to Better Monitor and Enforce Trade Agreements," Mar. 14, 2000.

[122] USTR, "2002 Report to Congress on China's WTO Compliance," p. 3.

[123] Ibid.

[124] Ibid., pp. 4–5.

intellectual property rights and services," and stated that the area of agricultural imports "proved to be especially contentious between the United States and China."[125]

USTR reported continuing U.S. industry complaints of various Chinese non-tariff barriers.[126] These include regulations that set high thresholds for entry into service sectors such as finance and insurance, "quarantine certificates" for agricultural imports, regulations on biotechnology products, and use of technical standards and sanitary and phytosanitary measures to control import volumes. According to USTR, several national officials have been quoted in Chinese media, stating China should manipulate technical standards to limit imports.[127] USTR also reported that some importers believe that local Chinese officials do not understand China's WTO commitments and are not willing to give up their individual control over trade.[128]

Taiwan

Taiwan was the 8th largest U.S. trading partner in terms of total trade in 2002. U.S. exports to Taiwan were valued at $16.8 billion in 2002, a marginal increase from $16.6 billion in 2001. U.S. imports from Taiwan were valued at $32.1 billion in 2002, down from $33.3 billion in 2001. The U.S. trade deficit with Taiwan measured $15.3 billion in 2002, compared to $16.6 billion in 2001. Leading U.S. exports to Taiwan include electronic integrated circuits and other electrical machinery and equipment, machinery and mechanical appliances, computer equipment, corn, soybeans, and aircraft products. Leading U.S. imports from Taiwan include automatic data processing machines, electronics, and broadcasting equipment. U.S.-Taiwan trade data are shown in appendix tables A-16 through A-18.

Significant bilateral trade issues between the United States and China during 2002 included Taiwan's WTO accession, Taiwan's enforcement of intellectual property rights, and the inclusion of Taiwan on the special 301 priority watch list.

WTO Accession

Taiwan (Chinese Taipei) became the 144th WTO member on January 1, 2002.[129] In joining the WTO, Taiwan agreed to reduce tariff and nontariff barriers to trade, committing to the following measures:[130]

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[125] Ibid., p. 4.
[126] USTR, "China," *2003 National Trade Estimate Report*, p. 50.
[127] Ibid.
[128] Ibid.
[129] In the WTO, Taiwan (Chinese Taipei) is formally known as the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.
[130] USTR, "President's 2002 Annual Report on the Trade Agreements Program," found at *http://www.ustr.gov*, retrieved May 19, 2003.

- To reduce tariffs on industrial goods to less than 5 percent on average;
- To eliminate tariffs on construction and agricultural equipment, wood (except plywood), paper and paper products, furniture, distilled spirits, certain steel products, civil aircraft, dolls, toys, and games (some upon accession, others by 2004);
- To reduce agricultural tariffs to 12 percent on average, with most reductions taking place upon accession;
- To eliminate its state trading monopoly on tobacco and alcohol;
- To increase foreign access to a number of service sectors, including professional services (architects, accountants, lawyers), audiovisual services, express delivery services, construction, advertising, computer services, wholesale and retail distribution, franchising, environmental services; and
- To adhere to the WTO TRIPs Agreement to protect intellectual property rights.

Throughout 2002, the United States worked closely with other countries, as well as the U.S. private sector, to monitor Taiwan's compliance with the terms of its WTO accession. Taiwan's accession increased market access for a wide range of U.S. goods and services, including agricultural exports, during 2002. However, USTR continued to monitor certain problems regarding market access for agricultural goods, Taiwan's telecommunications service market, and intellectual property rights protection.[131]

At the beginning of 2002, Taiwan was late in fully implementing the tariff-rate and market access quotas on rice, chicken, pork, fish, and other products specified in its WTO commitments. Tariff rate quotas (TRQs) on chicken, pork, fish, and other products for 2003 were specified as planned in the fall of 2002.[132] USTR reported that Taiwan's management of its rice import system was "particularly troublesome," and the problems require continued dialogue to maintain market access for U.S. producers.[133] As part of its WTO accession, Taiwan agreed to consult with the United States and other WTO members regarding its rice import policies for beyond 2002. USTR reported numerous attempts to engage Taiwan in such discussions before a meeting took place in November 2002. These discussions continued into 2003.[134]

Also as part of its WTO accession, Taiwan committed to fully opening its telecommunications service market, with the exception of certain foreign equity limitations and board membership agreements. USTR reported, however, that Taiwan

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[131] USTR, "The President's Trade Policy Agenda for 2003," found at *http://www.ustr.gov*, retrieved May 19, 2003.

[132] USTR, "President's 2002 Annual Report on the Trade Agreements Program," found at *http://www.ustr.gov*, retrieved May 19, 2003.

[133] Ibid.

[134] Ibid.

had not implemented the legal regime or licencing criteria to provide new licences for local, domestic long distance, and international services—despite repeated requests by the United States to fulfill these commitments.[135]

Intellectual Property Rights Protection

Taiwan passed a number of laws in 2002 meant to strengthen the protection of intellectual property rights and to bring the economy into compliance with its obligations under the TRIPs Agreement. These new laws included certain amendments to its patent and copyright laws as well as new legislation to license the production of optical media.[136] Despite these positive steps, USTR reported that lax protection of intellectual property rights in Taiwan remained very serious, and Taiwan was placed on the 2002 Special 301 Priority Watch List in April 2002 for a second consecutive year.[137] U.S. companies reported significant problems in being able to protect and enforce their intellectual property rights. Areas of concern reported by USTR included optical media piracy, trademark counterfeiting, increasing incidence of counterfeit pharmaceuticals, lack of adequate protection for product packaging, and weak law enforcement.[138]

Korea

U.S. two-way trade with Korea totaled more than $56 billion in 2002. U.S. exports to Korea grew 1.2 percent to $21.2 billion in 2002, after falling 20.5 percent in 2001. U.S. imports grew 1.0 percent to $35.3 billion, after falling 12.3 percent in 2001. The United States recorded a $14.1 billion trade deficit with Korea in 2002. Leading U.S. exports to Korea in 2002 included computer chips, aircraft, 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 computer chips. U.S.-Korea trade data are shown in appendix tables A-19 through A-21.

U.S.-Korean trade relations were again calm in 2002, reflecting the continued relaxation of trade frictions in recent years. The two countries meet regularly to discuss bilateral trade issues. While none of the issues discussed in 2002 reached the proportions of bilateral disputes of past years, three issues are discussed below, including the long-standing U.S. concern about the low foreign share of the Korean motor vehicle market, pharmaceutical pricing, and intellectual property rights protection.

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[135] Ibid.

[136] USTR, "Taiwan," *2003 National Trade Estimate Report*, pp. 361–362.

[137] Ibid., and USTR, "Priority Watch List: 2002 Special 301 Report," found at *http://www.ustr.gov*, retrieved May 19, 2003.

[138] Ibid.

Motor Vehicles

The United States has been concerned for roughly a decade that the foreign share of the Korean motor vehicle market is very low.[139] Memoranda of understanding (MOUs) between the United States and Korea in 1995 and 1998 brought about actions by Korea intended to bolster the foreign share of the passenger vehicle market. Although sales of foreign-made vehicles more than doubled in 2002 to 16,119 units, the foreign share of the Korean market was just over 1 percent in 2002.[140]

The Korean Government has implemented most of its commitments under the 1998 MOU,[141] but the United States has proposed several additional actions Korea could take to improve the climate for imported cars in Korea. The United States has proposed that Korea unilaterally reduce its 8 percent tariff on imported passenger vehicles to the U.S. rate of 2.5 percent.[142] Korea has declined to reduce its auto tariff rate unilaterally, preferring to reduce the rate only in the context of WTO multilateral rate reductions. The United States has, in turn, suggested reducing the applied rate while retaining the 8 percent WTO bound rate for bargaining leverage for Doha agenda negotiations.[143]

While Korea has implemented the specific commitments of the 1998 MOU regarding reductions of taxes based on engine displacement, the tax system still taxes higher displacement engines more heavily to the disadvantage of imports. USTR reported that the United States continues to urge reform of Korea's auto tax system in a manner that is neutral between imported vehicles and Korean domestic vehicles.[144] As evidence of the potential impact of auto tax reductions and reform on import market share, the United States cites the temporary reduction in the Special Consumption Tax (SCT) from November 2001 through August 2002. The SCT reduction is credited with increases in

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[139] For more background information on the history of U.S. concerns, see USITC, *The Year in Trade, OTAP 1994*, USITC publication 2894, July 1995, pp. 106–107; USITC, *The Year in Trade, OTAP 1995*, USITC publication 2971, August 1996, pp. 63–64; and USITC, *The Year in Trade, OTAP 1998*, USITC publication 3192, May 1999, pp. 78–80.

[140] USTR, "Korea," *2003 National Trade Estimate Report*, p. 258. Sales of imported cars in Korea in 2001 were 7,747 units. U.S. Department of State telegram, "Autos: Tariffs, Taxes, Consumer Perception and Standards Discussed at Action Agenda Meeting," message reference No. 632, prepared by U.S. Embassy, Seoul, Feb. 6, 2002.

[141] Under the 1998 MOU, Korea agreed to (1) lower its WTO bound rate from 80 percent to the current applied rate of 8 percent; (2) lower or eliminate some of its motor-vehicle-related taxes (mainly those related to engine displacement—rates were much higher on larger displacement engines and imports tend to have larger engines than Korean-made models); (3) streamline its standards and certification procedures; (4) establish a new system of auto financing; and (5) continue to actively address instances of anti-import activity and educate Korean citizens on the benefits of free trade and competition. USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, March 3, 2003, p. 173.

[142] U.S. Department of State telegram, "Autos: Tariffs, Taxes, Consumer Perception and Standards Discussed at Action Agenda Meeting," message reference No. 632, prepared by U.S. Embassy, Seoul, Feb. 6, 2002.

[143] Ibid. and USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, March 3, 2003, p. 174.

[144] USTR, "Korea," *2003 National Trade Estimate Report*, p. 259.

both total auto sales and sales of imports. According to USTR, the United States is encouraged that Korea has announced plans to simplify and reduce the SCT.[145]

Pharmaceutical Pricing

In seeking to cut health care costs, the Korean Government has adopted a number of measures with respect to drug pricing and drug cost reimbursement. The United States has expressed concern about the lack of transparency in the process of making these changes and the likelihood that the measures will have a disproportionately negative impact on U.S. research-based pharmaceutical manufacturers.[146]

Intellectual Property Rights Protection

USTR placed Korea on the Special 301 Priority Watch list in 2000, citing a number of long-standing intellectual property rights (IPR) issues, concerns about enforcement, and recent amendments to IPR legislation.[147] Based on commitments made in trade meetings between the United States and Korea in April 2002, Korea was downgraded to the Watch List in 2002.[148]

Brazil

U.S.-Brazilian bilateral trade relations continue to be influenced by Brazil's membership in the Southern Common Market (Mercosur) customs union,[149] and by ongoing negotiations for the Free Trade Area of the Americas (FTAA).[150] Brazil ranked as the 14th largest export market for the United States in 2002, and was the 13th largest U.S. supplier in the year. U.S. exports to Brazil totaled $11.2 billion in 2002,

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[145] USTR, "Korea," *2003 National Trade Estimate Report,* p. 258; USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, March 3, 2003, p. 174; and U.S. Department of State telegram, "Huntsman/Hwang Review Trade Issues," message reference No. 3097, prepared by U.S. Embassy, Seoul, June 25, 2002.

[146] USTR, "Korea," *2003 National Trade Estimate Report*, pp. 259–261, and USTR, *2003 Trade Policy Agenda and 2002 Annual Report of the President of the United States on the Trade Agreements Program*, March 3, 2003, pp. 174–175.

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

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

[149] 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 on Jan. 1, 1995.

[150] The FTAA is discussed in more detail in chapter 4.

while U.S. imports from Brazil totaled $15.6 billion. Leading U.S. exports to Brazil in 2002 included aircraft and aircraft parts and computer parts and accessories. Leading U.S. imports from Brazil included aircraft, electronics articles, footwear, and petroleum. U.S.-Brazilian trade data are shown in appendix tables A-22 to A-24.

Several bilateral trade issues were addressed under the U.S.-Brazilian bilateral consultative mechanism.[151] The United States sought information about the approval process in Brazil for biotechnology products, specifically the case of Roundup Ready soybeans.[152] Brazilian officials replied in November 2002 during the third meeting of the bilateral consultative mechanism that the situation in their country remained unchanged as a result of the lack of a resolution on the matter in the Brazilian legal system.[153] Also during the third bilateral meeting in November 2002, the United States expressed concern about possible Brazilian violation of the WTO TRIPs Agreement as a result of an expanding backlog of more than 18,000 pharmaceutical patent applications before Brazil's patent office.[154]

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[151] For information on the bilateral consultative mechanism, see USITC, *The Year in Trade, 2001*, USITC Publication 3510, p. 4-41.

[152] The lack of a clear policy on biotechnology in Brazil reportedly has resulted in U.S. companies losing several opportunities to sell biotechnology products to Brazil. Although the Brazilian Government approved imports of Roundup Ready soybeans from the United States in 1998, that approval has been challenged and the issue remains in the Brazilian legal system pending resolution. For further information, see USITC, *The Year in Trade, 2000*, USITC Publication 3428, p. 4-49, and James Stamps, "Trade in Biotechnology Food Products," *International Economic Review*, November/December 2002, USITC publication 3571, p. 5.

[153] U.S. Department of State telegram, "U.S.-Brazil Consultative Mechanism," prepared by U.S. Embassy Brasilia, message reference No. 4473, Dec. 16, 2003.

[154] Ibid. For information on intellectual property rights protection in Brazil, see USTR, "Brazil," 2003 *National Trade Estimate Report*, pp. 16-17.

APPENDIX
Statistical Tables

Table A-1
U.S. merchandise trade with European Union, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	3,479,349	3,615,305	3,547,382
1	Beverages and tobacco	1,536,893	1,494,420	1,266,472
2	Crude materials, inedible, except fuels	6,155,022	5,760,116	5,509,760
3	Mineral fuels, lubricants and related materials	1,713,744	1,782,647	1,331,411
4	Animal and vegetable oils, fats and waxes	138,194	146,021	135,140
5	Chemicals and related products, n.e.s.	21,364,841	22,905,809	23,493,206
6	Manufactured goods classified chiefly by material	8,920,843	9,183,924	7,617,704
7	Machinery and transport equipment	81,953,893	75,965,545	65,856,659
8	Miscellaneous manufactured articles	20,784,371	20,211,409	17,997,442
9	Commodities and transactions not classified elsewhere in the SITC	6,605,283	6,262,197	5,807,510
	Total all exports commodities	152,652,434	147,327,393	132,562,685
			U.S. imports	
0	Food and live animals	3,511,221	3,421,996	3,643,423
1	Beverages and tobacco	4,997,584	5,174,929	5,779,257
2	Crude materials, inedible, except fuels	1,836,631	1,767,712	1,952,295
3	Mineral fuels, lubricants and related materials	7,762,528	7,040,933	8,021,041
4	Animal and vegetable oils, fats and waxes	448,383	402,416	490,108
5	Chemicals and related products, n.e.s.	37,610,492	41,210,891	47,206,951
6	Manufactured goods classified chiefly by material	25,757,043	23,648,557	22,474,821
7	Machinery and transport equipment	94,796,867	94,720,588	92,766,919
8	Miscellaneous manufactured articles	29,415,763	28,874,363	28,873,050
9	Commodities and transactions not classified elsewhere in the SITC	12,238,937	12,648,600	12,523,920
	Total all imports commodities	218,375,449	218,910,985	223,731,786

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	9,469,489	7,122,280	6,080,533
8473.30	Parts and accessories for automated data processing machines and units	7,891,114	6,134,356	4,582,910
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	4,763,975	4,923,745	4,556,992
8411.91	Parts for turbojets or turbopropellers	3,701,269	3,432,020	3,472,683
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	2,321,217	3,803,472	3,362,003
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,773,093	3,785,774	3,354,157
8542.21	Electronic monolithic digital integrated circuits	0	0	2,061,125
8411.12	Turbojets of a thrust exceeding 25 kN	1,908,172	2,223,170	1,799,174
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	717,858	887,422	1,747,739
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,906,895	1,895,431	1,731,568
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	1,387,245	1,693,816	1,624,885
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	1,403,820	1,442,258	1,448,520
8471.80	Other units of automated data processing machines	2,677,704	2,326,987	1,443,327
3002.10	Antisera and other blood fractions, and modified immunological products	838,746	930,328	1,317,441
8517.90	Parts of telephonic or telegraphic apparatus	1,881,775	1,531,298	1,233,340
1201.00	Soybeans, whether or not broken	1,148,300	1,172,436	1,155,579
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	952,371	1,242,757	1,135,703
8411.99	Gas turbines parts, n.e.s.o.i.	827,947	971,726	1,125,009
8471.49	Other digital automated data processing machines, entered in the form of systems	988,098	1,248,812	933,232
8703.33	Passenger motor vehicles with compression-ignition internal combustion piston engine (diesel), cylinder capacity over 2,500 cc	37,010	668,529	880,701
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	603,462	709,300	859,915
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	820,746	887,870	853,552
9018.19	Electro-diagnostic apparatus n.e.s.o.i., and parts	852,162	905,029	851,876
8517.50	Other apparatus for carrier-current line systems or for digital line systems	1,088,684	1,110,906	806,702
9021.90	Appliances n.e.s.o.i., worn, carried, or implanted in the body, to compensate for a defect or disability; parts and accessories thereof	318,934	406,636	796,069
	Subtotal	52,280,084	51,456,358	49,214,735
	All other	100,372,349	95,871,035	83,347,950
	Total	152,652,434	147,327,393	132,562,685

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	11,665,374	12,647,310	14,844,121
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	10,956,159	10,865,292	11,417,058
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	4,912,974	7,004,170	11,238,935
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	7,836,876	8,306,068	8,304,532
2934.99	Nucleic acids and their salts, whether or not chemically defined; other heterocyclic compounds, n.e.s.o.i.	0	0	5,880,598
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	5,407,530	6,036,294	4,545,500
2933.99	Heterocyclic compounds with nitrogen hetero-atom(s) only, n.e.s.o.i.	0	0	4,158,784
9999.95	Estimated "low valued" shipments	3,402,914	3,436,620	3,417,580
8411.91	Parts for turbojets or turbopropellers	3,635,495	3,932,431	3,269,714
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	0	0	2,936,875
9701.10	Paintings, drawings and pastels, executed entirely by hand, framed or not framed	3,093,819	3,200,807	2,927,325
8411.12	Turbojets of a thrust exceeding 25 kN	2,705,733	3,568,610	2,616,552
7102.39	Nonindustrial diamonds, n.e.s.o.i.	2,522,121	2,247,334	2,432,145
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	0	0	2,109,453
8473.30	Parts and accessories for automated data processing machines and units	2,791,203	2,118,588	1,924,027
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	1,419,970	842,169	1,867,032
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,967,761	2,142,922	1,759,978
8525.20	Transmission apparatus incorporating reception apparatus	860,924	866,138	1,620,962
8542.21	Electronic monolithic digital integrated circuits	0	0	1,599,567
7113.19	Articles of jewelry and parts thereof, of precious metal (excluding silver)	1,483,482	1,433,095	1,534,493
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,620,916	1,578,844	1,504,157
2204.21	Wine n.e.s.o.i. of fresh grapes or fortified wine, in containers not over 2 liters	1,215,281	1,287,393	1,487,537
3004.39	Medicaments, in measured doses, containing hormones or derivatives/steroids used primarily as hormones, but not containing antibiotics, n.e.s.o.i.	916,825	880,808	1,420,862
2931.00	Organo-inorganic compounds, n.e.s.o.i.	701,345	980,282	1,373,369
2203.00	Beer made from malt	1,114,400	1,139,004	1,254,003
	Subtotal	70,231,102	74,514,178	97,445,157
	All other	148,144,347	144,396,807	126,286,629
	Total	218,375,449	218,910,985	223,731,786

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), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
		U.S. Exports		
0	Food and live animals	6,850,281	7,264,270	7,693,335
1	Beverages and tobacco	377,451	392,675	388,755
2	Crude materials, inedible, except fuels	4,498,277	4,178,073	4,115,162
3	Mineral fuels, lubricants and related materials	2,641,537	3,572,996	2,594,731
4	Animal and vegetable oils, fats and waxes	188,533	174,292	202,761
5	Chemicals and related products, n.e.s.	15,626,960	15,221,120	15,559,747
6	Manufactured goods classified chiefly by material	23,030,383	20,606,818	20,664,276
7	Machinery and transport equipment	83,611,602	73,807,700	73,008,416
8	Miscellaneous manufactured articles	15,978,557	14,973,620	14,317,223
9	Commodities and transactions not classified elsewhere in the SITC	2,797,228	4,429,180	3,998,696
	Total all exports commodities	155,600,810	144,620,745	142,543,103
		U.S. imports		
0	Food and live animals	9,219,360	10,398,710	11,010,921
1	Beverages and tobacco	907,145	923,085	896,038
2	Crude materials, inedible, except fuels	12,013,275	10,785,521	10,123,750
3	Mineral fuels, lubricants and related materials	31,386,515	34,213,010	29,561,267
4	Animal and vegetable oils, fats and waxes	300,501	292,601	310,322
5	Chemicals and related products, n.e.s.	11,573,183	12,008,851	12,080,352
6	Manufactured goods classified chiefly by material	33,572,742	32,126,038	32,093,387
7	Machinery and transport equipment	97,455,708	85,767,740	83,390,303
8	Miscellaneous manufactured articles	15,558,466	14,235,790	14,295,286
9	Commodities and transactions not classified elsewhere in the SITC	17,073,034	16,084,849	16,756,276
	Total all imports commodities	229,059,929	216,836,196	210,517,904

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	5,271,976	4,743,461	5,286,445
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	5,291,223	4,064,844	5,121,944
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	3,566,966	4,197,396	4,727,589
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	4,269,000	3,733,448	4,088,608
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	4,161,435	3,854,986	3,732,343
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	1,878,189	3,646,973	3,207,729
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,801,399	2,138,932	2,798,039
8708.40	Gear boxes for motor vehicles	2,256,924	2,069,988	2,233,966
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	1,287,188	1,262,758	1,359,727
8409.91	Parts for spark-ignition internal-combustion piston engines	1,582,284	1,273,461	1,317,340
808.39	Brakes and servo-brakes and parts for motor	1,061,236	953,776	1,073,616
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,407,421	1,070,658	1,034,000
8473.30	Parts and accessories for automated data processing machines and units	1,587,818	1,489,927	1,017,821
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,217,152	1,035,185	1,001,802
7606.12	Rectangular plates, sheets and strip, over 0.2 mm thick, of aluminum alloy	970,385	861,440	900,756
8701.20	Road tractors for semi-trailers	1,014,272	535,019	842,461
7326.90	Articles of iron or steel n.e.s.o.i.	712,160	773,383	834,540
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	627,834	731,362	832,895
8542.21	Electronic monolithic digital integrated circuits	0	0	794,074
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,172,860	1,009,862	778,328
4901.99	Printed books, brochures, leaflets and similar printed matter, other than in single sheets	748,726	716,789	736,979
8708.50	Drive axles with differential for motor	716,390	647,059	711,113
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	764,245	737,201	705,828
8411.12	Turbojets of a thrust exceeding 25 kN	602,054	574,096	682,692
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	0	0	656,325
	Subtotal	44,969,138	42,122,005	46,476,960
	All other	110,631,672	102,498,740	96,066,143
	Total	155,600,810	144,620,745	142,543,103

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	27,938,810	25,778,748	26,230,092
2711.21	Natural gas, gaseous state	10,360,686	15,355,056	11,428,452
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	12,654,204	10,121,407	11,195,903
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	9,953,465	10,046,701	10,599,634
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	8,311,941	7,929,566	8,134,225
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	5,974,838	5,667,682	5,189,480
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	5,718,954	4,518,332	4,765,859
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	3,535,305	3,376,267	3,827,607
9999.95[1]	Estimated "low valued" shipments	3,909,776	3,788,331	3,575,721
4801.00	Newsprint, in rolls or sheets	3,674,117	3,493,941	2,955,524
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,937,916	2,653,979	2,836,859
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,669,694	2,343,075	2,810,250
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	2,730,127	2,119,538	2,168,140
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	0	0	1,996,506
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	0	0	1,959,502
4802.61	Uncoated paper/paperboard for writing/printing/other graphic purposes n.e.s.o.i., over 10 percent fiber by mechanical process, in rolls	0	0	1,653,534
7601.20	Unwrought aluminum alloys	1,540,066	1,233,755	1,488,374
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	1,345,728	1,110,225	1,474,471
4703.21	Chemical woodpulp, soda or sulfate, other than dissolving grades, semibleached or bleached, coniferous wood	2,023,299	1,512,996	1,238,946
2716.00	Electrical energy	2,710,622	2,680,884	1,160,445
0102.90	Bovine animals, live, n.e.s.o.i.	746,034	1,046,820	1,140,350
8517.90	Parts of telephonic or telegraphic apparatus	2,803,404	1,298,321	1,110,326
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,050,243	1,574,714	1,086,636
8708.40	Gear boxes for motor vehicles	1,025,419	938,137	1,008,483
8473.30	Parts and accessories for automated data processing machines and units	2,282,321	1,933,703	1,000,250
	Subtotal	114,896,969	110,522,176	112,035,572
	All other	114,162,960	106,314,020	98,482,332
	Total	229,059,929	216,836,196	210,517,904

[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), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	4,473,330	5,202,888	4,864,800
1	Beverages and tobacco	69,788	101,671	100,001
2	Crude materials, inedible, except fuels	3,012,123	2,934,019	3,092,197
3	Mineral fuels, lubricants and related materials	4,276,604	3,252,681	3,237,193
4	Animal and vegetable oils, fats and waxes	302,663	270,375	451,139
5	Chemicals and related products, n.e.s.	8,647,873	8,238,971	8,443,193
6	Manufactured goods classified chiefly by material	14,970,782	13,058,263	12,396,590
7	Machinery and transport equipment	48,305,363	42,705,290	38,991,422
8	Miscellaneous manufactured articles	11,447,912	10,514,104	10,614,073
9	Commodities and transactions not classified elsewhere in the SITC	4,935,657	4,259,171	3,885,475
	Total all exports commodities	100,442,094	90,537,434	86,076,082
			U.S. imports	
0	Food and live animals	4,516,858	4,520,323	4,517,402
1	Beverages and tobacco	1,281,975	1,396,705	1,623,865
2	Crude materials, inedible, except fuels	908,388	815,597	789,472
3	Mineral fuels, lubricants and related materials	11,268,437	9,082,451	11,552,141
4	Animal and vegetable oils, fats and waxes	19,100	22,988	21,443
5	Chemicals and related products, n.e.s.	2,128,790	2,030,213	2,187,978
6	Manufactured goods classified chiefly by material	9,111,009	8,794,047	9,439,156
7	Machinery and transport equipment	79,305,496	78,182,629	76,905,602
8	Miscellaneous manufactured articles	20,237,799	19,925,098	21,283,606
9	Commodities and transactions not classified elsewhere in the SITC	5,956,550	5,738,881	5,800,511
	Total all imports commodities	134,734,402	130,508,931	134,121,175

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	3,670,027	3,353,352	3,146,328
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	2,660,679	2,639,994	2,591,787
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	0	0	1,608,744
8473.30	Parts and accessories for automated data processing machines and units	1,244,304	989,025	1,549,774
3926.90	Articles of plastics and articles of other materials of headings 3901 to 3914, n.e.s.o.i.	2,079,024	1,734,435	1,500,455
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,111,382	1,414,625	1,483,062
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,611,930	1,468,479	1,427,753
8540.11	Cathode-ray television picture tubes, color, including monitor	1,691,051	1,519,123	1,374,258
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	1,108,363	1,482,204	1,370,887
8542.21	Electronic monolithic digital integrated circuits	0	0	894,258
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	836,879	1,057,002	868,460
1201.00	Soybeans, whether or not broken	680,790	769,632	836,385
8408.20	Compression-ignition internal-combustion piston engines	728,299	538,103	792,127
8538.90	Parts for electrical apparatus for electrical circuits; for electrical control n.e.s.o.i.	953,654	645,051	781,692
8536.90	Electrical apparatus for switching or protecting electrical circuits, n.e.s.o.i.	1,135,485	975,425	778,242
7326.90	Articles of iron or steel n.e.s.o.i.	1,185,456	880,125	747,845
8471.60	Input or output units for automated data processing machines	298,005	477,965	692,079
8708.40	Gear boxes for motor vehicles	655,386	619,038	640,316
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle eight not exceeding 5 mt	609,854	468,713	619,214
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	727,002	723,286	613,418
1005.90	Corn (maize), other than seed	517,508	567,400	590,305
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	0	0	576,229
3923.10	Boxes, cases, crates and similar articles, of plastics	457,463	423,475	572,358
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	709,639	587,269	535,281
4819.10	Cartons, boxes and cases corrugated paper and paperboard	603,216	540,721	517,470
	Subtotal	25,275,397	23,874,442	27,108,726
	All other	75,166,697	66,662,991	58,967,356
	Total	100,442,094	90,537,434	86,076,082

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	9,837,980	7,956,789	10,489,963
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	9,291,491	8,406,086	7,504,118
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	6,237,212	5,478,604	5,588,372
8528.12	Incomplete or unfinished color reception apparatus for televisions	4,540,232	4,676,319	4,713,232
8544.30	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	4,171,292	3,824,036	4,384,409
8704.31	Motor vehicles for transporting goods, with spark-ignition internal-combustion piston engine, gross vehicle weight not exceeding 5 mt	2,708,695	4,731,295	4,268,506
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	4,054,720	3,825,738	3,848,199
9401.90	Parts of seats (except medical, barbers, dentist, etc.)	2,059,572	2,142,426	2,739,617
8471.60	Input or output units for automated data processing machines	2,475,298	2,491,005	2,659,050
8704.21	Trucks, n.e.s.o.i., diesel engine, gross vehicle weight not exceeding 5 mt	1,732,431	1,686,905	1,974,339
8525.10	Transmission apparatus for radio or television	2,791,842	2,671,757	1,953,317
8471.50	Digital processing units other than those of 8471.41 and 8471.49	633,221	598,797	1,666,169
8525.20	Transmission apparatus incorporating reception apparatus	1,801,427	2,250,190	1,657,487
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	1,269,143	1,422,724	1,632,676
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,346,377	1,261,570	1,541,891
6203.42	Men's or boys' trousers, bib and brace overalls, breeches and shorts not knitted or crocheted, of cotton	1,656,737	1,460,281	1,517,404
9999.95[1]	Estimated "low valued" shipments	1,523,920	1,492,170	1,512,339
8473.30	Parts and accessories for automated data processing machines and units	2,333,255	2,195,946	1,498,284
8527.21	Radiobroadcast receivers for motor vehicles	1,743,547	1,755,837	1,482,887
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	1,730,546	1,561,658	1,368,596
8517.50	Other apparatus for carrier-current line systems or for digital line systems	878,302	686,968	1,365,453
6204.62	Women's or girls' trousers, etc., of cotton, not knitted or crocheted	1,461,448	1,350,627	1,292,223
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,449,248	1,274,602	1,235,979
9032.89	Automatic regulating or controlling instruments and apparatus, n.e.s.o.i.	1,007,418	1,037,538	1,213,570
8537.10	Boards, panels, consoles, other components incorporating apparatus for control or distribution of electricity, for voltage not exceeding 1,000 volts	950,068	1,038,736	1,211,250
	Subtotal	69,685,421	67,278,604	70,319,328
	All other	65,048,981	63,230,327	63,801,847
	Total	134,734,402	130,508,931	134,121,175

[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-10
U.S. merchandise trade with Japan, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
		U.S. exports		
0	Food and live animals	8,761,815	8,370,239	7,728,331
1	Beverages and tobacco	2,474,076	1,651,778	1,337,552
2	Crude materials, inedible, except fuels	3,760,061	3,143,353	2,847,895
3	Mineral fuels, lubricants and related materials	806,165	516,644	563,084
4	Animal and vegetable oils, fats and waxes	54,614	54,940	68,174
5	Chemicals and related products, n.e.s.	6,346,967	6,305,711	6,309,818
6	Manufactured goods classified chiefly by material	3,261,585	2,705,395	2,345,609
7	Machinery and transport equipment	24,882,143	20,788,154	18,413,723
8	Miscellaneous manufactured articles	9,083,731	8,619,198	7,288,865
9	Commodities and transactions not classified elsewhere in the SITC	1,319,869	1,390,540	1,369,963
	Total all exports commodities	60,751,026	53,545,953	48,273,014
		U.S. imports		
0	Food and live animals	351,314	311,597	327,584
1	Beverages and tobacco	68,919	68,836	72,004
2	Crude materials, inedible, except fuels	281,708	244,244	244,413
3	Mineral fuels, lubricants and related materials	285,191	287,692	201,675
4	Animal and vegetable oils, fats and waxes	24,696	23,376	23,321
5	Chemicals and related products, n.e.s.	7,139,305	6,586,718	6,912,821
6	Manufactured goods classified chiefly by material	7,873,017	6,712,049	6,463,473
7	Machinery and transport equipment	111,519,412	94,153,514	92,103,559
8	Miscellaneous manufactured articles	14,163,190	13,739,923	11,286,632
9	Commodities and transactions not classified elsewhere in the SITC	4,035,114	4,011,439	3,626,993
	Total all imports commodities	145,741,866	126,139,387	121,262,473

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,844,414	1,933,116	1,834,826
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	977,290	227,857	1,605,282
1005.90	Corn (maize), other than seed	1,423,613	1,327,876	1,554,014
8542.21	Electronic monolithic digital integrated circuits	0	0	1,552,185
2402.20	Cigarettes containing tobacco	1,936,984	1,175,014	904,546
8473.30	Parts and accessories for automated data processing machines and units	1,915,834	1,443,665	889,520
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds	543,548	557,993	878,348
1201.00	Soybeans, whether or not broken	771,587	729,584	831,161
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	889,521	715,005	769,118
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	394,282	610,884	669,943
8411.91	Parts for turbojets or turbopropellers	459,864	601,054	658,523
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	702,989	651,133	556,259
8471.80	Other units of automated data processing machines	923,516	903,385	542,925
0201.30	Meat of bovine animals, boneless, fresh or chilled	785,329	738,453	490,618
1001.90	Wheat and meslin, excluding durum wheat	422,166	437,932	483,574
9018.39	Medical etc. needles n.e.s.o.i., catheters, cannulae and the like; parts and accessories thereof	408,755	516,203	471,260
9018.90	Medical, surgical, dental or veterinary sciences instruments, appliances, and parts, n.e.s.o.i.	436,643	461,542	434,684
4403.20	Coniferous wood in the rough, not treated	709,158	503,068	428,366
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	1,250,795	702,254	392,994
0203.19	Meat of swine, n.e.s.o.i, fresh or chilled	391,904	414,146	391,024
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	282,794	211,986	385,757
8517.90	Parts of telephonic or telegraphic apparatus	435,575	299,137	372,334
3822.00	Composite diagnostic or laboratory reagents, except pharmaceuticals	353,542	355,556	363,653
8471.50	Digital processing units other than those of 8471.41 and 8471.49	451,188	382,360	332,529
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	624,959	540,161	328,718
	Subtotal	19,336,247	16,439,362	18,122,161
	All other	41,414,778	37,106,591	30,150,853
	Total	60,751,026	53,545,953	48,273,014

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	23,544,602	23,052,195	22,449,907
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	9,454,956	8,689,152	11,742,046
8473.30	Parts and accessories for automated data processing machines and units	4,992,708	4,115,304	4,076,799
8525.40	Still image video cameras and other video camera recorders	3,238,066	2,616,894	3,120,016
8471.60	Input or output units for automated data processing machines	5,367,018	3,422,973	2,487,732
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	1,991,999	1,950,244	2,370,928
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	2,320,545	2,529,348	2,241,948
8708.40	Gear boxes for motor vehicles	1,459,126	1,267,810	1,650,331
8542.21	Electronic monolithic digital integrated circuits	0	0	1,558,102
8407.34	Reciprocating spark-ignition piston engines, of a cylinder capacity over 1,000 cc	1,465,323	1,503,383	1,542,385
9504.10	Video games used with television receiver and parts and accessories	1,614,331	2,615,563	1,339,203
9999.95[1]	Estimated "low valued" shipments	1,621,632	1,412,262	1,314,300
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	970,170	1,018,776	1,177,984
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	802,978	758,651	1,169,478
8409.91	Parts for spark-ignition internal-combustion piston engines	1,096,489	994,388	1,036,169
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	1,172,167	1,386,204	1,016,245
8471.70	Automatic data processing storage units	2,066,502	1,309,281	947,908
8525.20	Transmission apparatus incorporating reception apparatus	940,880	642,861	869,865
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	810,855	753,326	863,573
8703.21	Other passenger motor vehicles, with spark-ignition internal combustion reciprocating piston engine, cylinder capacity not over 1,000 cc	660,753	61,068	795,021
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	1,517,989	986,172	768,287
8711.50	Motorcycles and cycles, with an auxiliary motor, with a reciprocating internal combustion piston engine, cylinder capacity over 800 cc	646,461	602,552	723,811
8528.30	Video projectors	204,576	703,296	672,001
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	396,355	532,961	662,397
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	842,742	658,753	651,545
	Subtotal	69,199,220	64,183,418	67,247,980
	All other	76,542,646	61,955,969	54,014,493
	Total	145,741,866	126,139,387	121,262,473

[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-13
U.S. merchandise trade with China, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	457,789	500,985	534,982
1	Beverages and tobacco	4,891	5,609	5,364
2	Crude materials, inedible, except fuels	2,521,564	3,093,296	3,265,599
3	Mineral fuels, lubricants and related materials	59,565	93,405	93,753
4	Animal and vegetable oils, fats and waxes	20,710	14,127	27,940
5	Chemicals and related products, n.e.s.	2,290,678	2,180,334	2,914,450
6	Manufactured goods classified chiefly by material	1,231,539	1,065,242	1,259,138
7	Machinery and transport equipment	7,366,647	9,373,724	10,603,836
8	Miscellaneous manufactured articles	1,160,775	1,423,788	1,619,253
9	Commodities and transactions not classified elsewhere in the SITC	221,182	208,532	228,676
	Total all exports commodities	15,335,341	17,959,041	20,552,991
			U.S. imports	
0	Food and live animals	1,020,637	1,141,060	1,502,654
1	Beverages and tobacco	31,672	34,798	37,866
2	Crude materials, inedible, except fuels	613,804	595,270	634,057
3	Mineral fuels, lubricants and related materials	615,373	393,916	355,344
4	Animal and vegetable oils, fats and waxes	7,551	5,765	6,327
5	Chemicals and related products, n.e.s.	1,802,681	2,054,728	2,426,268
6	Manufactured goods classified chiefly by material	10,256,089	10,727,348	13,330,110
7	Machinery and transport equipment	34,686,724	34,790,258	46,018,538
8	Miscellaneous manufactured articles	49,411,102	51,096,748	59,076,653
9	Commodities and transactions not classified elsewhere in the SITC	1,134,881	1,229,436	1,407,847
	Total all imports commodities	99,580,514	102,069,326	124,795,665

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,424,415	2,068,028	3,075,855
1201.00	Soybeans, whether or not broken	1,007,661	1,012,486	888,741
8542.21	Electronic monolithic digital integrated circuits	0	0	824,260
3100.00[1]	Fertilizers	657,616	415,480	656,767
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	196,572	221,523	309,500
8473.30	Parts and accessories for automated data processing machines and units	367,177	395,521	300,673
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	0	0	276,717
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	132,418	269,058	246,355
8517.90	Parts of telephonic or telegraphic apparatus	312,416	203,342	245,789
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	206,212	239,581	243,876
7404.00	Copper waste and scrap	166,955	241,115	228,518
7204.49	Ferrous waste and scrap, n.e.s.o.i.	78,457	203,554	216,078
8471.49	Other digital automated data processing machines, entered in the form of systems	183,859	215,290	208,830
8471.80	Other units of automated data processing machines	400,561	400,969	201,121
7602.00	Aluminum waste and scrap	150,592	156,144	169,610
8418.61	Other refrigerating or freezing equipment/heat pumps not for air conditioning, having compression type units whose condensers are heat exchangers	105,483	155,510	169,542
8523.20	Magnetic discs, unrecorded	96,270	121,132	168,354
8542.29	Electronic monolithic integrated circuits, other than digital	0	0	165,426
5201.00	Cotton, not carded or combed	46,456	42,863	137,986
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	82,355	110,677	135,642
8517.50	Other apparatus for carrier-current line systems or for digital line systems	70,070	137,016	131,760
880.00	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	96,597	112,531	122,695
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	96,918	100,793	113,220
5502.00	Artificial filament tow	71,837	96,447	104,623
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	32,244	36,389	103,082
	Subtotal	5,983,141	6,955,449	9,445,023
	All other	9,352,200	11,003,592	11,107,968
	Total	15,335,341	17,959,041	20,552,991

[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-15
Leading imports from China, by HTS numbers, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8471.60	Input or output units for automated data processing machines	3,646,743	3,751,601	5,634,222
8473.30	Parts and accessories for automated data processing machines and units	3,600,386	3,893,901	5,069,230
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	3,413,695	3,815,217	4,299,542
9503.90	Other toys and models, n.e.s.o.i.	2,271,244	2,158,927	2,444,947
6402.99	Footwear with outer soles and uppers of rubber or plastics n.e.s.o.i.	2,318,423	2,283,033	2,271,769
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	609,864	1,262,084	2,171,815
8525.20	Transmission apparatus incorporating reception apparatus	515,387	871,295	1,960,057
8471.70	Automatic data processing storage units	1,206,684	1,325,921	1,696,379
9505.10	Articles for Christmas festivities and parts and accessories thereof	1,340,462	1,470,834	1,643,258
9403.60	Wooden furniture, other than of a kind used in the bedroom	983,400	1,077,253	1,576,196
9504.10	Video games used with television receiver and parts and accessories	336,029	398,259	1,571,375
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	1,203,039	1,300,020	1,437,693
8517.11	Line telephone sets with cordless handsets	1,273,982	1,188,275	1,304,451
9503.41	Stuffed toys, representing animals or non-human creatures, and parts and accessories	1,305,654	1,170,772	1,169,238
4202.92	Trunks, cases, bags and similar containers, with outer surface of plastic sheeting or of textile materials	784,610	768,561	1,127,589
8504.40	Static converters	1,206,494	1,092,615	1,100,336
4203.10	Articles of apparel of leather or composition leather	1,193,607	1,258,233	1,081,745
9502.10	Dolls representing only human beings and parts and accessories thereof, whether or not dressed	1,170,330	964,076	1,049,848
9403.20	Metal furniture, other than of a kind used in offices	671,430	770,143	1,016,671
8527.31	Radiobroadcast receivers n.e.s.o.i., combined with sound recording or reproducing apparatus	756,412	699,489	996,438
9503.70	Toys, put up in sets or outfits and parts and accessories, n.e.s.o.i.	744,095	779,177	960,718
9999.95[1]	Estimated "low valued" shipments	759,361	784,200	957,360
8519.99	Sound reproducing apparatus, other than cassette type, n.e.s.o.i.	712,424	754,904	920,588
9504.90	Game machines except coin-operated; board games; mah-jog; dominoes; dice	780,605	987,071	918,831
6110.90	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of textile materials n.e.s.o.i.	836,416	895,138	875,580
	Subtotal	33,640,778	35,721,002	45,255,876
	All other	65,939,736	66,348,325	79,539,789
	Total	99,580,514	102,069,326	124,795,665

[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-16
U.S. merchandise trade with Taiwan, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	1,283,413	1,242,396	1,198,477
1	Beverages and tobacco	86,954	83,194	71,638
2	Crude materials, inedible, except fuels	1,132,517	1,117,429	1,122,059
3	Mineral fuels, lubricants and related materials	144,318	67,902	56,028
4	Animal and vegetable oils, fats and waxes	20,277	12,761	18,585
5	Chemicals and related products, n.e.s.	2,634,748	2,095,335	2,279,928
6	Manufactured goods classified chiefly by material	827,943	677,986	750,519
7	Machinery and transport equipment	12,914,065	9,046,097	8,986,532
8	Miscellaneous manufactured articles	2,905,342	1,906,828	1,945,412
9	Commodities and transactions not classified elsewhere in the SITC	454,107	376,177	357,003
	Total all exports commodities	22,403,683	16,626,104	16,786,180
			U.S. imports	
0	Food and live animals	307,335	313,516	237,091
1	Beverages and tobacco	7,802	7,653	9,598
2	Crude materials, inedible, except fuels	155,153	138,987	137,875
3	Mineral fuels, lubricants and related materials	1,988	81,525	38,336
4	Animal and vegetable oils, fats and waxes	4,426	4,322	5,004
5	Chemicals and related products, n.e.s.	635,063	605,621	618,055
6	Manufactured goods classified chiefly by material	4,814,402	4,080,038	4,204,811
7	Machinery and transport equipment	26,280,161	20,737,330	19,888,596
8	Miscellaneous manufactured articles	7,086,821	6,160,905	5,919,235
9	Commodities and transactions not classified elsewhere in the SITC	1,090,582	1,131,851	995,680
	Total all imports commodities	40,383,733	33,261,748	32,054,281

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8542.21	Electronic monolithic digital integrated circuits	0	0	2,181,052
8542.29	Electronic monolithic integrated circuits, other than digital	0	0	1,008,348
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	2,130,893	768,228	628,514
1005.90	Corn (maize), other than seed	456,516	473,205	473,464
1201.00	Soybeans, whether or not broken	384,764	384,832	414,655
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	384,536	399,164	397,251
9030.82	Other instruments and apparatus for measuring or checking semiconductor wafers or devices	560,298	130,229	273,704
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	24,117	30,942	254,712
8473.30	Parts and accessories for automated data processing machines and units	398,583	295,221	250,673
8802.12	Helicopters of an unladen weight exceeding 2,000 kilograms	232,475	58,928	238,001
9031.41	Optical instruments for inspecting semiconductor wafers or devices, or photomasks or reticles used in manufacturing these items	377,337	196,109	232,974
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	308,337	220,118	230,185
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	278,612	214,416	213,457
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	742,026	751,429	213,349
8456.91	Machine tools n.e.s.o.i. for dry etching patterns on semiconductor materials	382,595	144,502	166,774
1001.90	Wheat and meslin, excluding durum wheat	143,633	159,162	159,160
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	0	0	120,136
5201.00	Cotton, not carded or combed	107,118	124,784	114,649
7003.19	Cast glass and rolled glass, in nonwired sheets, not body tinted, opacified, flashed, nor having an absorbent or reflecting layer	111	28,218	100,351
9030.90	Parts, accessories of instruments, apparatus for measuring, checking, detecting electrical quantities, or onizing radiations, n.e.s.o.i.	115,599	91,560	98,601
8541.29	Transistors, other than photosensitive, with a dissipation rate greater than or equal to 1 Watt	94,284	70,191	98,576
8471.49	Other digital automated data processing machines, entered in the form of systems	159,288	132,722	95,186
8473.10	Parts and accessories for typewriters and word processing machines	3,534	43,923	94,789
2844.20	Uranium and its compounds enriched in u235; plutonium and its compounds	29,086	87,085	92,805
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	70,434	97,577	90,009
	Subtotal	7,384,179	4,902,544	8,241,375
	All other	15,019,504	11,723,559	8,544,805
	Total	22,403,683	16,626,104	16,786,180

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	3,796,062	3,068,483	3,407,820
8473.30	Parts and accessories for automated data processing machines and units	3,767,955	2,864,622	2,252,651
8542.21	Electronic monolithic digital integrated circuits	0	0	2,207,780
8471.80	Other units of automated data processing machines	892,477	978,601	979,701
8471.60	Input or output units for automated data processing machines	1,222,140	1,005,873	951,432
8542.29	Electronic monolithic integrated circuits, other than digital	0	0	658,887
8523.90	Prepared magnetic media for sound or similar recording, unrecorded, n.e.s.o.i.	447,662	520,527	607,000
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	567,211	689,905	581,106
8471.49	Other digital automated data processing machines, entered in the form of systems	87,512	60,406	488,148
8517.50	Other apparatus for carrier-current line systems or for digital line systems	614,463	484,171	460,906
8525.10	Transmission apparatus for radio or television	908,320	618,149	429,353
9999.95[1]	Estimated "low valued" shipments	502,761	417,371	390,666
8534.00	Printed circuits	889,636	540,554	385,676
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	385,694	344,999	348,169
7318.15	Threaded screws and bolts, of iron or steel, n.e.s.o.i., whether or not with their nuts or washers	318,338	257,846	261,865
9506.91	Gymnasium, playground or other exercise articles and equipment; parts and accessories thereof	270,909	287,292	261,372
8504.40	Static converters	487,132	296,758	260,518
7318.14	Self-tapping screws of iron or steel	260,876	238,587	257,472
8465.91	Sawing machines for working wood, cork, bone, hard rubber, hard plastics, etc	286,638	223,662	246,198
8471.50	Digital processing units other than those of 8471.41 and 8471.49	202,349	215,668	242,896
8708.29	Parts and accessories of bodies (including cabs) for motor vehicles, n.e.s.o.i.	177,235	208,283	233,979
8512.20	Electrical lighting or visual signaling equipment, for use on cycles or motor vehicles, except for use on bicycles	132,425	159,776	230,295
8481.80	Taps, cocks, valves and similar appliances, n.e.s.o.i.	277,273	238,286	227,922
8526.91	Radio navigational aid apparatus	172,825	153,674	206,411
9403.20	Metal furniture, other than of a kind used in offices	206,113	170,915	193,667
	Subtotal	16,874,006	14,044,409	16,771,888
	All other	23,509,727	19,217,339	15,282,392
	Total	40,383,733	33,261,748	32,054,281

[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-19
U.S. merchandise trade with Korea, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	1,714,703	1,803,177	1,964,138
1	Beverages and tobacco	169,600	163,730	100,679
2	Crude materials, inedible, except fuels	2,059,849	1,877,703	1,772,683
3	Mineral fuels, lubricants and related materials	353,543	190,401	228,036
4	Animal and vegetable oils, fats and waxes	77,409	30,050	79,114
5	Chemicals and related products, n.e.s.	2,641,573	2,474,439	2,750,203
6	Manufactured goods classified chiefly by material	1,053,699	1,018,407	898,948
7	Machinery and transport equipment	15,600,067	11,112,686	11,012,536
8	Miscellaneous manufactured articles	2,177,858	1,842,674	1,922,166
9	Commodities and transactions not classified elsewhere in the SITC	454,136	386,300	422,222
	Total all exports commodities	26,302,437	20,899,568	21,150,725
			U.S. imports	
0	Food and live animals	166,134	175,972	186,869
1	Beverages and tobacco	23,085	31,691	43,709
2	Crude materials, inedible, except fuels	204,319	198,268	173,916
3	Mineral fuels, lubricants and related materials	380,079	462,633	272,331
4	Animal and vegetable oils, fats and waxes	2,221	2,223	1,335
5	Chemicals and related products, n.e.s.	849,073	861,167	867,198
6	Manufactured goods classified chiefly by material	3,748,759	3,257,948	3,400,778
7	Machinery and transport equipment	29,300,191	24,969,100	25,743,756
8	Miscellaneous manufactured articles	4,484,802	4,215,541	3,829,153
9	Commodities and transactions not classified elsewhere in the SITC	670,242	742,643	764,765
	Total all imports commodities	39,828,906	34,917,187	35,283,810

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8542.21	Electronic monolithic digital integrated circuits	0	0	2,405,580
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	1,191,408	1,545,256	1,537,565
8542.29	Electronic monolithic integrated circuits, other than digital	0	0	502,911
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	573,842	826,489	416,094
8479.89	Machines and mechanical appliances having individual functions, n.e.s.o.i.	1,115,030	578,584	395,156
8479.90	Parts of machines and mechanical appliances having individual functions, n.e.s.o.i.	353,891	327,768	379,865
0202.30	Meat of bovine animals, boneless, frozen	305,163	167,023	352,907
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	38,283	42,846	313,690
4101.50	Whole raw bovine or equine hides and skins, weight exceeding 16 kilograms, fresh, pickled or preserved but not tanned or further prepared	0	0	310,897
1201.00	Soybeans, whether or not broken	258,824	226,291	247,679
8471.49	Other digital automated data processing machines, entered in the form of systems	395,556	224,908	235,430
8473.30	Parts and accessories for automated data processing machines and units	597,466	346,243	227,954
8542.90	Parts for electronic integrated circuits and microassemblies	204,537	149,251	218,909
8543.89	Electrical machines and apparatus, having individual functions, n.e.s.o.i.	42,328	35,755	211,215
2926.10	Acrylonitrile	207,526	160,230	207,432
0202.20	Meat of bovine animals, cuts with bone in, other than in half or whole carcasses, frozen	170,945	161,214	197,853
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	252,390	197,896	194,249
1001.90	Wheat and meslin, excluding durum wheat	178,779	173,003	187,214
7204.49	Ferrous waste and scrap, n.e.s.o.i.	108,877	101,624	167,008
9306.90	Bombs, grenades, torpedoes, mines, missiles, etc., and parts	64,794	35,373	161,710
9801.10	Value of repairs or alterations of previously imported articles, repaired or altered prior to exportation from United States	106,957	125,563	144,849
8411.91	Parts for turbojets or turbopropellers	90,901	89,695	140,175
8517.90	Parts of telephonic or telegraphic apparatus	297,921	101,720	132,199
8471.80	Other units of automated data processing machines	399,144	204,449	122,406
0304.90	Fish meat, excluding fillets, frozen, n.e.s.o.i.	74,366	110,465	120,118
	Subtotal	7,028,928	5,931,646	9,531,067
	All other	19,273,510	14,967,922	11,619,658
	Total	26,302,437	20,899,568	21,150,725

[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, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	4,239,011	5,050,787	4,830,673
8525.20	Transmission apparatus incorporating reception apparatus	2,915,907	4,325,894	4,318,331
8542.21	Electronic monolithic digital integrated circuits	0	0	2,938,542
8473.30	Parts and accessories for automated data processing machines and units	2,817,209	1,416,807	1,773,537
8471.60	Input or output units for automated data processing machines	2,232,445	1,429,991	1,508,663
8703.24	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 3,000 cc	1,189	334,303	1,238,054
8703.22	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine over 1,000 but over 1,500 cc	538,584	981,194	774,063
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	462,619	556,575	574,372
8471.70	Automatic data processing storage units	826,815	657,713	534,418
8516.50	Microwave ovens of a kind used for domestic purposes	493,929	422,745	451,329
6110.30	Sweaters, pullovers, sweatshirts, waistcoats (vests) and similar articles, knitted or crocheted, of man-made fibers	366,245	414,997	439,217
8521.90	Video recording or reproducing apparatus, whether or not including a video tuner, other than magnetic tape-type	234,589	305,803	417,058
8542.29	Electronic monolithic integrated circuits, other than digital	0	0	396,417
8525.40	Still image video cameras and other video camera recorders	270,232	261,125	290,021
8415.10	Air conditioning machines, window or wall types, self-contained, with motor-driven fan and elements for changing the temperature/humidity	267,687	230,602	257,273
4011.10	New pneumatic tires, of rubber, of a kind used on motor cars, including station wagons and racing cars	181,102	192,150	251,921
8471.30	Portable digital automated data processing machines not exceeding 10 kg, with at least a CPU, keyboard and display	320,744	265,148	232,889
8471.50	Digital processing units other than those of 8471.41 and 8471.49	1,255,536	571,318	216,478
8528.12	Incomplete or unfinished color reception apparatus for televisions	64,225	141,243	214,718
6205.30	Men's or boys' shirts, of manmade fibers, not knitted or crocheted	257,631	233,326	193,591
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	148,240	122,736	184,510
9999.95	Estimated "low valued" shipments	189,942	168,791	165,746
4011.20	New pneumatic tires, of rubber, of a kind used on buses or trucks	105,452	115,388	158,162
8402.90	Parts for super-heated water boilers and steam or other vapor generation boilers	47,829	124,260	146,254
8534.00	Printed circuits	226,558	157,879	141,782
	Subtotal	18,463,721	18,480,776	22,648,020
	All other	21,365,184	16,436,411	12,635,791
	Total	39,828,906	34,917,187	35,283,810

[1] Special "Census Use Only" reporting number estimating low-valued exports.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

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

Table A-22
U.S. merchandise trade with Brazil, by SITC numbers (revision 3), 2000-02

(1,000 dollars)

SITC Section No.	Description	2000	2001	2002
			U.S. exports	
0	Food and live animals	140,932	145,443	228,741
1	Beverages and tobacco	7,147	3,644	6,630
2	Crude materials, inedible, except fuels	330,146	250,468	271,123
3	Mineral fuels, lubricants and related materials	340,673	339,210	291,249
4	Animal and vegetable oils, fats and waxes	2,195	7,863	5,025
5	Chemicals and related products, n.e.s.	2,793,690	2,897,789	2,611,608
6	Manufactured goods classified chiefly by material	752,297	652,310	493,689
7	Machinery and transport equipment	8,021,261	8,901,679	6,104,891
8	Miscellaneous manufactured articles	1,307,310	1,114,270	934,724
9	Commodities and transactions not classified elsewhere in the SITC	329,804	349,848	259,992
	Total all exports commodities	14,025,456	14,662,524	11,207,674
			U.S. imports	
0	Food and live animals	1,027,878	875,629	998,593
1	Beverages and tobacco	143,439	157,207	219,391
2	Crude materials, inedible, except fuels	1,136,065	1,032,068	1,038,799
3	Mineral fuels, lubricants and related materials	788,247	1,110,916	1,099,914
4	Animal and vegetable oils, fats and waxes	16,367	17,341	15,803
5	Chemicals and related products, n.e.s.	668,624	570,527	591,079
6	Manufactured goods classified chiefly by material	2,916,807	2,627,429	3,209,491
7	Machinery and transport equipment	4,283,735	5,504,810	5,929,705
8	Miscellaneous manufactured articles	1,649,619	1,700,744	1,732,403
9	Commodities and transactions not classified elsewhere in the SITC	1,100,790	818,419	774,050
	Total all imports commodities	13,731,571	14,415,091	15,609,228

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, 2000-02

(1,000 dollars)

Schedule B No.	Description	2000	2001	2002
8802.40	Airplanes and other aircraft, of an unladen weight exceeding 15,000 kg	43,000	668,982	465,693
8411.12	Turbojets of a thrust exceeding 25 kN	520,066	584,752	408,335
8473.30	Parts and accessories for automated data processing machines and units	701,588	515,180	346,653
8803.30	Parts of airplanes or helicopters, n.e.s.o.i.	426,454	430,462	332,910
8411.82	Gas turbines, except turbojets and turbopropellers, of a power not exceeding 5,000 kW	10,193	200,365	259,146
8431.43	Parts for boring or sinking machinery, n.e.s.o.i.	186,300	226,511	241,957
8803.90	Parts of balloons, dirigibles, gliders, other aircraft, spacecraft, satellites, and spacecraft launch vehicles, n.e.s.o.i.	51,977	171,783	197,477
9880.00[1]	Estimate of non-Canadian low value export shipments; compiled low value and not identified by kind shipments to Canada	233,827	243,542	187,527
3100.00[2]	Fertilizers	146,289	184,955	173,561
2701.12	Bituminous coal, whether or not pulverized, but not agglomerated	157,718	179,017	165,334
8708.99	Parts and accessories for motor vehicles, n.e.s.o.i.	252,746	180,235	158,210
8411.91	Parts for turbojets or turbopropellers	264,230	305,082	153,835
8529.90	Parts, except antennas, for transmission, radar, radio, television, etc., n.e.s.o.i.	448,985	245,441	130,361
3004.90	Certain medicaments put up in measure doses or in forms or packings for retail sale, n.e.s.o.i.	157,971	92,303	130,307
8428.90	Lifting, handling, loading, or unloading machinery n.e.s.o.i.	3,821	58,412	125,874
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	131,136	110,494	119,981
8411.99	Gas turbines parts, n.e.s.o.i.	81,391	148,753	105,750
8409.99	Parts for use with compression-ignition internal combustion piston engines	38,659	51,196	101,791
3808.30	Herbicides, antisprouting products, and plant-growth regulators, put up in forms or packings for retail sale or as preparations or articles	104,379	100,644	96,297
1001.90	Wheat and meslin, excluding durum wheat	4,444	9,928	95,763
8542.21	Electronic monolithic digital integrated circuits	0	0	83,758
8524.99	Recorded media for reproducing sound or image, n.e.s.o.i.	28,409	30,128	80,786
3808.10	Insecticides, put up in forms or packings for retail sale or as preparations or articles	68,288	64,587	75,638
8526.10	Radar apparatus	9,901	28,667	72,784
8517.90	Parts of telephonic or telegraphic apparatus	221,607	183,759	72,067
	Subtotal	4,293,380	5,015,179	4,381,796
	All other	9,732,076	9,647,345	6,825,878
	Total	14,025,456	14,662,524	11,207,674

[1] Special "Census Use Only" reporting number estimating low-valued exports.
[2] Special "Census Use Only" reporting number aggregating certain fertilizer products to prevent disclosure.

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

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

Table A-24
Leading imports from Brazil, by HTS numbers, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
8802.30	Airplanes and aircraft, of an unladen weight over 2,000 kg but not over 15,000 kg	1,435,020	1,908,043	1,828,490
8525.20	Transmission apparatus incorporating reception apparatus	336,643	840,174	1,013,223
6403.99	Footwear not covering the ankles, with outer soles of rubber or plastics or composition leather and uppers of leather	826,772	834,438	790,018
9801.00	U.S. articles exported and returned, not advanced or improved in condition; animals exported or returned	677,737	528,388	562,601
8703.23	Passenger motor vehicles with spark-ignition internal-combustion reciprocating piston engine, cylinder capacity over 1,500 but not over 3,000 cc	149,424	520,899	508,737
7207.12	Semifinished iron/nonalloy steel products, under 0.25 percent carbon, rectangular/not square, width not less than twice thickness	436,633	250,364	394,039
7201.10	Nonalloy pig iron containing 0.5 percent or less phosphorus by weight, in primary forms	355,688	362,651	386,533
4703.29	Chemical woodpulp, soda, or sulfate, other than dissolving grades, semibleached or bleached, nonconiferous	462,480	381,935	345,859
2710.11	Light oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products	0	0	343,416
2710.19	Oils and preparations from petroleum oils and oils from bituminous minerals, minimum 70 percent by weight of such products, not light	0	0	308,015
8414.30	Compressors of a kind used in refrigerating equipment, including air conditioning	217,044	209,773	283,274
2709.00	Petroleum oils and oils obtained from bituminous minerals, crude	44,446	82,331	231,093
2401.20	Tobacco, partly or wholly stemmed/stripped	134,602	148,361	202,013
0901.11	Coffee, not roasted, not decaffeinated	247,321	153,655	193,395
8408.20	Compression-ignition internal-combustion piston engines	24,640	5,942	178,869
8409.99	Parts for use with compression-ignition internal combustion piston engines	192,246	133,054	172,552
7224.90	Semifinished products of alloy steel, other than stainless, n.e.s.o.i.	112,001	120,257	171,438
7108.12	Nonmonetary gold (including gold plated with platinum), unwrought, excluding powder	364,857	221,402	161,476
6403.91	Footwear covering the ankles, with outer soles and uppers of rubber or plastics, excluding waterproof footwear	159,139	192,258	152,744
4409.10	Wood, including strips and friezes, continuously shaped along any of its edges or faces, coniferous	77,500	105,636	140,284
4407.10	Coniferous wood sawn or chipped lengthwise, sliced or peeled, of thickness exceeding 6mm	133,072	120,157	134,676
1602.50	Other prepared or preserved meat, meat offal, or blood, of bovine animals, n.e.s.o.i.	91,638	92,837	121,989
6802.93	Worked monumental or building stone n.e.s.o.i., of granite	69,625	77,209	114,434
6302.60	Toilet and kitchen linen, of terry toweling or similar terry fabrics, of cotton	58,320	75,753	112,235
8409.91	Parts for spark-ignition internal-combustion piston engines	110,317	86,651	111,791
	Subtotal	6,717,164	7,452,172	8,963,195
	All other	7,014,407	6,962,919	6,646,033
	Total	13,731,571	14,415,091	15,609,228

Note.—Because of rounding, figures may not add to totals shown. The abbreviation "n.e.s.o.i." stands for "not elsewhere specified or included".

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

Table A-25
Antidumping cases active in 2002, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-909	Low enriched uranium	France	12/07/00	A	A	A	A	02/04/02
731-TA-913	Stainless steel bar	France	12/28/00	A	A	A	A	02/28/02
731-TA-914	Stainless steel bar	Germany	12/28/00	A	A	A	A	02/28/02
731-TA-915	Stainless steel bar	Italy	12/28/00	A	A	A	A	02/28/02
731-TA-916	Stainless steel bar	Korea	12/28/00	A	A	A	A	02/28/02
731-TA-917	Stainless steel bar	Taiwan	12/28/00	A	N	A	A	02/28/02
731-TA-918	Stainless steel bar	United Kingdom	12/28/00	A	A	A	A	02/28/02
731-TA-920	Welded large diameter line pipe	Mexico	01/10/01	A	A	A	A	02/19/02
731-TA-922	Automotive replacement glass windshields	China	02/28/01	A	A	A	A	03/28/02
731-TA-924	Mussels	Canada	03/12/01	A	A	([3])	([3])	01/30/02
731-TA-925	Greenhouse tomatoes	Canada	03/28/01	A	A	A	N	04/11/02
731-TA-928	Softwood lumber	Canada	04/02/01	A	A	A	A	05/16/02
731-TA-929	Silicomanganese	India	04/06/01	A	A	A	A	05/16/02
731-TA-930	Silicomanganese	Kazakhstan	04/06/01	A	A	A	A	05/16/02
731-TA-931	Silicomanganese	Venezuela	04/06/01	A	A	A	A	05/16/02
731-TA-932	Folding metal tables and chairs	China	04/27/01	A	A	A	A	06/03/02
731-TA-933	Polyethylene terephthalate (PET) film	India	05/17/01	A	A	A	A	06/24/02
731-TA-934	Polyethylene terephthalate (PET) film	Taiwan	05/17/01	A	A	A	A	06/24/02
731-TA-935	Structural steel beams	China	05/23/01	A	A	A	N	06/28/02
731-TA-936	Structural steel beams	Germany	05/23/01	A	A	A	N	06/28/02
731-TA-937	Structural steel beams	Italy	05/23/01	A	N	N	([4])	05/20/02
731-TA-938	Structural steel beams	Luxembourg	05/23/01	A	N	A	N	06/28/02
731-TA-939	Structural steel beams	Russia	05/23/01	A	A	A	N	06/28/02
731-TA-940	Structural steel beams	South Africa	05/23/01	A	A	A	N	06/28/02
731-TA-941	Structural steel beams	Spain	05/23/01	A	N	A	N	06/28/02
731-TA-942	Structural steel beams	Taiwan	05/23/01	A	A	A	N	06/28/02
731-TA-943	Circular welded non-alloy steel pipe	China	05/24/01	A	A	A	N	07/02/02
731-TA-948	Individually quick frozen red raspberries	Chile	05/31/01	A	A	A	A	07/02/02
731-TA-953	Carbon and certain alloy steel wire rod	Brazil	08/31/01	A	A	A	A	10/15/02
731-TA-954	Carbon and certain alloy steel wire rod	Canada	08/31/01	A	A	A	A	10/15/02
731-TA-956	Carbon and certain alloy steel wire rod	Germany	08/31/01	A	A	A	N	10/15/02
731-TA-957	Carbon and certain alloy steel wire rod	Indonesia	08/31/01	A	N	A	A	10/15/02
731-TA-958	Carbon and certain alloy steel wire rod	Mexico	08/31/01	A	A	A	A	10/15/02
731-TA-959	Carbon and certain alloy steel wire rod	Moldova	08/31/01	A	A	A	A	10/15/02
731-TA-961	Carbon and certain alloy steel wire rod	Trinidad & Tobago	08/31/01	A	A	A	A	10/15/02
731-TA-962	Carbon and certain alloy steel wire rod	Ukraine	08/31/01	A	A	A	A	10/15/02
731-TA-964	Cold-rolled steel products	Argentina	09/28/01	A	A	A	N	10/28/02
731-TA-965	Cold-rolled steel products	Australia	09/28/01	A	A	A	N	09/05/02
731-TA-966	Cold-rolled steel products	Belgium	09/28/01	A	A	A	N	10/28/02

. See footnotes at end of table.

Table A-25—*Continued*
Antidumping cases active in 2002, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-967	Cold-rolled steel products	Brazil	09/28/01	A	A	A	N	10/28/02
731-TA-968	Cold-rolled steel products	China	09/28/01	A	A	A	N	10/28/02
731-TA-969	Cold-rolled steel products	France	09/28/01	A	A	A	N	10/28/02
731-TA-970	Cold-rolled steel products	Germany	09/28/01	A	A	A	N	10/28/02
731-TA-971	Cold-rolled steel products	India	09/28/01	A	A	A	N	09/05/02
731-TA-972	Cold-rolled steel products	Japan	09/28/01	A	A	A	N	09/05/02
731-TA-973	Cold-rolled steel products	Korea	09/28/01	A	A	A	N	10/28/02
731-TA-974	Cold-rolled steel products	Netherlands	09/28/01	A	A	A	N	10/28/02
731-TA-975	Cold-rolled steel products	New Zealand	09/28/01	A	A	A	N	10/28/02
731-TA-976	Cold-rolled steel products	Russia	09/28/01	A	A	A	N	10/28/02
731-TA-977	Cold-rolled steel products	South Africa	09/28/01	A	A	A	N	10/28/02
731-TA-978	Cold-rolled steel products	Spain	09/28/01	A	A	A	N	10/28/02
731-TA-979	Cold-rolled steel products	Sweden	09/28/01	A	A	A	N	09/05/02
731-TA-980	Cold-rolled steel products	Taiwan	09/28/01	A	A	A	N	10/28/02
731-TA-981	Cold-rolled steel products	Thailand	09/28/01	A	A	A	N	09/05/02
731-TA-982	Cold-rolled steel products	Turkey	09/28/01	A	A	A	N	10/28/02
731-TA-983	Cold-rolled steel products	Venezuela	09/28/01	A	A	A	N	10/28/02
731-TA-984	Sulfanilic acid	Hungary	09/28/01	A	A	A	A	11/01/02
731-TA-985	Sulfanilic acid	Portugal	09/28/01	A	A	A	A	11/01/02
731-TA-986	Ferrovanadium	China	11/26/01	A	A	A	(5)	(5)
731-TA-987	Ferrovanadium	South Africa	11/26/01	A	A	A	(5)	(5)
731-TA-988	Pneumatic directional control valves	Japan	01/14/02	N	(4)	(4)	(4)	02/28/02
731-TA-989	Ball bearings	China	02/13/02	A	A	(5)	(5)	(5)
731-TA-990	Non-malleable cast iron pipe fittings	China	02/21/02	A	A	(5)	(5)	(5)
731-TA-991	Silicon metal	Russia	03/07/02	A	A	(5)	(5)	(5)
731-TA-992	Oil country tubular goods	Austria	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-993	Oil country tubular goods	Brazil	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-994	Oil country tubular goods	China	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-995	Oil country tubular goods	Columbia	03/29/02	(3)	(3)	(3)	(3)	04/29/02
731-TA-996	Oil country tubular goods	France	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-997	Oil country tubular goods	Germany	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-998	Oil country tubular goods	India	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-999	Oil country tubular goods	Indonesia	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1000	Oil country tubular goods	Romania	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1001	Oil country tubular goods	South Africa	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1002	Oil country tubular goods	Spain	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1003	Oil country tubular goods	Turkey	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1004	Oil country tubular goods	Ukraine	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1005	Oil country tubular goods	Venezuela	03/29/02	N	(4)	(4)	(4)	05/13/02
731-TA-1006	Urea ammonium nitrate solution	Belarus	04/19/02	A	A	(5)	(5)	(5)
731-TA-1007	Urea ammonium nitrate solution	Lithuania	04/19/02	(6)	(4)	(4)	(4)	06/03/02

. See footnotes at end of table.

Table A-25—*Continued*
Antidumping cases active in 2002, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
731-TA-1008	Urea ammonium nitrate solution	Russia	04/19/02	A	A	([5])	([5])	([5])
731-TA-1009	Urea ammonium nitrate solution	Ukraine	04/19/02	A	A	([5])	([5])	([5])
731-TA-1010	Lawn and garden steel fence posts	China	05/01/02	A	A	([5])	([5])	([5])
731-TA-1011	Coldwater pink shrimp	Canada	06/13/02	([3])	([3])	([3])	([3])	07/01/02
731-TA-1012	Frozen fish fillets	Vietnam	06/28/02	A	([5])	([5])	([5])	([5])
731-TA-1013	Saccharin	China	07/11/02	A	A	([5])	([5])	([5])
731-TA-1014	Polyvinyl alcohol	China	09/05/02	A	([5])	([5])	([5])	([5])
731-TA-1015	Polyvinyl alcohol	Germany	09/05/02	A	([5])	([5])	([5])	([5])
731-TA-1016	Polyvinyl alcohol	Japan	09/05/02	A	([5])	([5])	([5])	([5])
731-TA-1017	Polyvinyl alcohol	Korea	09/05/02	A	([5])	([5])	([5])	([5])
731-TA-1018	Polyvinyl alcohol	Singapore	09/05/02	([6])	([4])	([4])	([4])	10/21/02
731-TA-1019	Durum and hard red spring wheat	Canada	09/13/02	A	([5])	([5])	([5])	([5])
731-TA-1020	Barium carbonate	China	09/30/02	A	([5])	([5])	([5])	([5])
731-TA-1021	Malleable iron pipe fittings	China	10/30/02	A	([5])	([5])	([5])	([5])
731-TA-1022	Refined brown aluminum oxide	China	11/20/02	([5])	([5])	([5])	([5])	([5])
731-TA-1023	Certain ceramic station post insulators	Japan	12/31/02	([5])	([5])	([5])	([5])	([5])

[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] The investigation was terminated or discontinued following withdrawal of the petition.
[4] Not applicable.
[5] Pending as of Dec. 31, 2002.
[6] The investigation was terminated because imports were found to be negligible.

Source: Compiled from data maintained by the Commission.

Table A-26
Antidumping orders in effect as of December 31, 2002

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:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Seamless pipe	Aug. 3, 1995
Stainless steel bar	Feb. 21, 1995
Silicomanganese	Dec. 22, 1994
Stainless steel wire rod	Jan. 28, 1994
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Silicon metal	July 31, 1991
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:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Softwood lumber	May 22, 2002
Stainless steel plate in coils	May 21, 1999
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 15, 1989
Brass sheet and strip	Jan. 12, 1987
Iron construction castings	Mar. 5, 1986
Chile:	
Individually quick frozen red raspberries	July 9, 2002
Preserved mushrooms	Dec. 2, 1998
Fresh Atlantic salmon	July 30, 1998
China:	
Folding metal tables and chairs	June 27, 2002
Automotive replacement glass windshields	Apr. 4, 2002
Folding gift boxes	Jan. 8, 2002
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Nov. 29, 2001
Pure magnesium (granular)	Nov. 19, 2001
Foundry coke	Sept. 17, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
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
Carbon steel plate (suspended)	Oct. 24, 1997
Crawfish tail meat	Sept. 15, 1997
Persulfates	July 7, 1997

Table A-26—*Continued*
Antidumping orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
China—*Continued*	
Brake rotors	Apr. 17, 1997
Furfuryl alcohol	June 21, 1995
Pure magnesium (ingot)	May 12, 1995
Glycine	Mar. 29, 1995
Coumarin	Feb. 9, 1995
Cased pencils	Dec. 28, 1994
Silicomanganese	Dec. 22, 1994
Paper clips	Nov. 25, 1994
Fresh garlic	Nov. 16, 1994
Sebacic acid	July 14, 1994
Helical spring lock washers	Oct. 19, 1993
Sulfanilic acid	Aug. 19, 1992
Carbon steel butt-weld pipe fittings	July 6, 1992
Sparklers	June 18, 1991
Silicon metal	June 10, 1991
Axes and adzes	Feb. 19, 1991
Bars and wedges	Feb. 19, 1991
Hammers and sledges	Feb. 19, 1991
Picks and mattocks	Feb. 19, 1991
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Tapered roller bearings	June 15, 1987
Porcelain-on-steel cooking ware	Dec. 2, 1986
Petroleum wax candles	Aug. 28, 1986
Iron construction castings	May 9, 1986
Natural bristle paint brushes	Feb. 14, 1986
Barium chloride	Oct. 17, 1984
Chloropicrin	Mar. 22, 1984
Potassium permanganate	Jan. 31, 1984
Cotton shop towels	Oct. 4, 1983
Greige polyester cotton print cloth	Sept. 16, 1983
Czech Republic:	
Small diameter seamless pipe	Aug. 14, 2000
Estonia:	
Solid urea	July 14, 1987
Finland:	
Carbon steel plate	Aug. 19, 1993
France:	
Stainless steel bar	Mar. 7, 2002
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel wire rod	Jan. 28, 1994
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Ball bearings	May 15, 1989
Spherical plain bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Industrial nitrocellulose	Aug. 10, 1983
Sorbitol	Apr. 9, 1982
Anhydrous sodium metasilicate	Jan. 7, 1981
Sugar	June 13, 1979
Germany:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Seamless pipe	Aug. 3, 1995
Carbon steel plate	Aug. 19, 1993
Corrosion-resistant carbon steel flat products	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Brass sheet and strip	Mar. 6, 1987
Sugar	June 13, 1979

Table A-26—*Continued*
Antidumping orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Polyethylene terephthalate (PET) film	July 1, 2002
Silicomanganese	May 23, 2002
Hot-rolled carbon steel products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Preserved mushrooms	Feb. 19, 1999
Stainless steel bar.	Feb. 21, 1995
Forged stainless steel flanges	Feb. 9, 1994
Stainless steel wire rod	Dec. 1, 1993
Sulfanilic acid	Mar. 2, 1993
Welded carbon steel pipe	May 12, 1986
Indonesia:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Feb. 10, 2000
Extruded rubber thread	May 21, 1999
Preserved mushrooms	Feb. 19, 1999
Iran:	
Raw in-shell pistachios	July 17, 1986
Italy:	
Stainless steel bar	Mar. 7, 2002
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Pasta	July 24, 1996
Oil country tubular goods.	Aug. 11, 1995
Grain-oriented silicon electrical steel	Aug. 12, 1994
Ball bearings	May 15, 1989
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
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

Table A-26—*Continued*
Antidumping orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
Japan—*Continued*	
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:	
Silicomanganese	May 23, 2002
Hot-rolled carbon steel flat products	Nov. 21, 2001
Korea:	
Stainless steel bar	Mar. 7, 2002
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:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Welded large diameter line pipe	Feb. 27, 2002
Large diameter seamless pipe	Aug. 11, 2000
Stainless steel sheet and strip	July 27, 1999
Fresh tomatoes (suspended)	Nov. 1, 1996
Oil country tubular goods	Aug. 11, 1995
Carbon steel plate	Aug. 19, 1993
Circular welded non-alloy steel pipe	Nov. 2, 1992
Gray portland cement and clinker	Aug. 30, 1990
Porcelain-on-steel cooking ware	Dec. 2, 1986
Moldova:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Steel concrete reinforcing bars	Sept. 7, 2001
Netherlands:	
Hot-rolled carbon steel flat products	Nov. 29, 2001
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Philippines:	
Stainless steel butt-weld pipe fittings	Feb. 23, 2001
Poland:	
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate	Aug. 19, 1993
Portugal:	
Sulfanilic acid	Nov. 8, 2002

Table A-26—*Continued*
Antidumping orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
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
Spain:	
Stainless steel angle	May 18, 2001
Stainless steel wire rod	Sept. 15, 1998
Stainless steel bar	Mar. 2, 1995
Carbon steel plate	Aug. 19, 1993
Sweden:	
Stainless steel wire rod	Sept. 15, 1998
Carbon steel plate	Aug. 19, 1993
Taiwan:	
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Polyester staple fiber	May 25, 2000
Stainless steel sheet and strip	July 27, 1999
Stainless steel plate in coils	May 21, 1999
Stainless steel wire rod	Sept. 15, 1998
Static random access memory semiconductors	Apr. 16, 1998
Forged stainless steel flanges	Feb. 9, 1994
Helical spring lockwashers	June 28, 1993
Stainless steel butt-weld pipe fittings	June 16, 1993
Welded ASTM A-312 stainless steel pipe	Dec. 30, 1992
Circular welded non-alloy steel pipe	Nov. 2, 1992
Light-walled rectangular tube	Mar. 27, 1989
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Carbon steel butt-weld pipe fittings	Dec. 17, 1986
Porcelain-on-steel cooking ware	Dec. 2, 1986
Small diameter carbon steel pipe	May 7, 1984
Carbon steel plate	June 13, 1979
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
Trinidad and Tobago:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Turkey:	
Steel concrete reinforcing bars	Apr. 17, 1997
Pasta	July 24, 1996
Aspirin	Aug. 25, 1987
Welded carbon steel pipe	May 15, 1986

Table A-26—*Continued*
Antidumping orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
Turkmenistan:	
Solid urea	July 14, 1987
Ukraine:	
Carbon and certain alloy steel wire rod	Oct. 29, 2002
Hot-rolled carbon steel flat products	Nov. 29, 2001
Ammonium nitrate	Sept. 12, 2001
Steel concrete reinforcing bars	Sept. 7, 2001
Carbon steel plate (suspended)	Oct. 24, 1997
Silicomanganese	Oct. 31, 1994
Solid urea	July 14, 1987
United Kingdom:	
Stainless steel bar	Mar. 7, 2002
Stainless steel sheet and strip	July 27, 1999
Carbon steel plate	Aug. 19, 1993
Sodium thiosulfate	Feb. 19, 1991
Industrial nitrocellulose	July 10, 1990
Ball bearings	May 15, 1989
Uzbekistan:	
Solid urea	July 14, 1987
Venezuela:	
Silicomanganese	May 23, 2002

Source: Compiled from data maintained by the Commission.

Table A-27
Countervailing duty cases active in 2002, by USITC investigation number

(Affirmative = A; Negative = N)

USITC investigation number	Product	County of origin	Date of institution	USITC prelim	ITA[1] prelim	ITA final	USITC final	Date of final action[2]
701-TA-409	Low enriched uranium	France	12/07/00	A	A	A	A	02/04/02
701-TA-410	Low enriched uranium	Germany	12/07/00	A	A	A	A	02/04/02
701-TA-411	Low enriched uranium	Netherlands	12/07/00	A	A	A	A	02/04/02
701-TA-412	Low enriched uranium	United Kingdom	12/07/00	A	A	A	A	02/04/02
701-TA-413	Stainless steel bar	Italy	12/28/00	A	A	A	A	02/28/02
701-TA-414	Softwood lumber	Canada	04/02/01	A	A	A	A	05/16/02
701-TA-415	Polyethylene terephthalate (PET) film	India	05/17/01	A	A	A	A	06/24/02
701-TA-416	Individually quick frozen red raspberries	Chile	05/31/01	A	N	N	([3])	05/22/02
701-TA-417	Carbon and certain alloy steel wire rod	Brazil	08/31/01	A	N	A	A	10/15/02
701-TA-418	Carbon and certain alloy steel wire rod	Canada	08/31/01	A	A	A	A	10/15/02
701-TA-419	Carbon and certain alloy steel wire rod	Germany	08/31/01	A	A	A	N	10/15/02
701-TA-420	Carbon and certain alloy steel wire rod	Trinidad & Tobago	08/31/01	A	A	N	([3])	08/30/02
701-TA-421	Carbon and certain alloy steel wire rod	Turkey	08/31/01	A	N	N	([3])	08/30/02
701-TA-422	Cold-rolled steel products	Argentina	09/28/01	A	A	N	([3])	10/03/02
701-TA-423	Cold-rolled steel products	Brazil	09/28/01	A	A	A	N	10/28/02
701-TA-424	Cold-rolled steel products	France	09/28/01	A	A	A	N	10/28/02
701-TA-425	Cold-rolled steel products	Korea	09/28/01	A	A	A	N	10/28/02
701-TA-426	Sulfanilic acid	Hungary	09/28/01	A	A	A	A	11/01/02
701-TA-427	Film and television productions	Canada	12/04/01	([4])	([4])	([4])	([4])	01/11/02
701-TA-428	Oil country tubular goods	Austria	03/29/02	N	([3])	([3])	([3])	05/13/02
701-TA-429	Coldwater pink shrimp	Canada	06/13/02	([4])	([4])	([4])	([4])	07/01/02
701-TA-430	Durum and hard red spring wheat	Canada	09/13/02	A	([5])	([5])	([5])	([5])
701-TA-431	DRAMs and DRAM modules	Korea	11/01/02	A	([5])	([5])	([5])	([5])

[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] The investigation was discontinued following withdrawal of the petition.
[5] Pending as of Dec. 31, 2002.

Source: Compiled from data maintained by the Commission.

Table A-28
Countervailing duty orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
Argentina:	
Honey	Dec. 10, 2001
Hot-rolled carbon steel flat products	Sept. 11, 2001
Belgium:	
Stainless steel plate in coils	May 11, 1999
Carbon steel plate	Aug. 17, 1993
Brazil:	
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Hot-rolled carbon steel flat products (suspended)	July 6, 1999
Carbon steel plate	Aug. 17, 1993
Brass sheet and strip	Jan. 8, 1987
Heavy iron construction castings	May 15, 1986
Canada:	
Carbon and certain alloy steel wire rod	Oct. 22, 2002
Softwood lumber	May 22, 2002
Alloy magnesium	Aug. 31, 1992
Pure magnesium	Aug. 31, 1992
Steel rails	Sept. 22, 1989
European Union:	
Sugar	July 31, 1978
France:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Feb. 10, 2000
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:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993
Corrosion-resistant carbon steel flat products	Aug. 17, 1993
Hungary:	
Sulfanilic acid	Nov. 8, 2002
India:	
Polyethylene terephthalate (PET) film	July 1, 2002
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Sulfanilic acid	Mar. 2, 1993
Indonesia:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Carbon steel plate	Feb. 10, 2000
Iran:	
Roasted in-shell pistachios	Oct. 7, 1986
Raw in-shell pistachios	Mar. 11, 1986
Italy:	
Stainless steel bar	Mar. 8, 2002
Carbon steel plate	Feb. 10, 2000
Stainless steel sheet and strip	Aug. 6, 1999
Stainless steel plate in coils	May 11, 1999
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

See footnotes at end of table.

Table A-28—*Continued*
Countervailing duty orders in effect as of December 31, 2002

Country and commodity	Effective date of original action
Mexico:	
Carbon steel plate	Aug. 17, 1993
Netherlands:	
Low enriched uranium	Feb. 13, 2002
Norway:	
Fresh and chilled Atlantic salmon	Apr. 12, 1991
Pakistan:	
Cotton shop towels	Mar. 9, 1984
South Africa:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Stainless steel plate in coils	May 11, 1999
Spain:	
Carbon steel plate	Aug. 17, 1993
Sweden:	
Carbon steel plate	Aug. 17, 1993
Taiwan:	
Top-of-the-stove stainless steel cooking ware	Jan. 20, 1987
Thailand:	
Hot-rolled carbon steel flat products	Dec. 3, 2001
Turkey:	
Pasta	July 24, 1996
Welded carbon steel pipe	Mar. 7, 1986
United Kingdom:	
Low enriched uranium	Feb. 13, 2002
Carbon steel plate	Aug. 17, 1993

Source: Compiled from data maintained by the Commission.

Table A-29
Reviews of existing antidumping duty orders and suspension agreements completed in 2002, by date of completion

USITC nvestigation number	Product	Country of origin	Completion date	Action
731-TA-744	Brake rotors	China	07/29/02	Continued
731-TA-749	Persulfates	China	10/31/02	Continued

Source: Compiled from data maintained by the Commission.

Table A-30
Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2002 and those pending on Dec. 31, 2002

Status of Investigation	Article	Country[1]	Commission determination
Completed:			
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Modified existing exclusion order.
337-TA-432	Certain Semiconductor Chips with Minimized Chip Package Size and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-439	Certain HSP Modems, Software and Hardware Components Thereof, and Products Containing Same	Israel	Terminated based on a settlement agreement.
337-TA-443	Certain Flooring Products	Belgium, Germany, France	Terminated based on a finding of no violation.
337-TA-444	Certain Semiconductor Light Emitting Devices, Components Thereof, and Products Containing Same	Japan	Terminated based on withdrawal of complaint; ALJ determined not to issue recommended determination in connection with sanctions show cause order.
337-TA-445	Certain Plasma Display Panels and Products Containing Same	Japan	Terminated based on withdrawal of complaint; sanctions imposed for breach of protective order.
337-TA-446	Certain Ink Jet Print Cartridges and Components Thereof	Taiwan	Issued limited exclusion order and cease and desist orders.
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components and Nozzles	Taiwan, Israel, Germany	Issued limited exclusion order.
337-TA-449	Certain Abrasive Products Made Using a Process for Making Powder Preforms and Products Containing Same	Taiwan	Issued limited exclusion order and cease and desist order.
337-TA-450	Certain Integrated Circuits, Processes for Making Same, and Products Containing Same	Taiwan	Issued limited exclusion order.
337-TA-452	Certain Personal Watercraft and Components Thereof	Canada	Terminated based on a settlement agreement.
337-TA-454	Certain Set-Top Boxes and Components Thereof	Japan	
337-TA-456	Certain Gel-Filled Wrist Rests and Products Containing Same	Taiwan	Terminated based on a finding of no violation.
337-TA-457	Certain Polyethylene Terephthalate Yarn and Products Containing Same	Korea	Terminated based on a finding of no violation.
337-TA-458	Certain Digital Display Receivers and Products Containing Same Including Digital Controllers	Canada	Terminated based on withdrawal of complaint.
337-TA-459	Certain Garage Door Operators Including Components Thereof	Taiwan, Hong Kong, Canada	Terminated based on settlement agreement, consent orders, and withdrawal of the complaint.
337-TA-461	Certain Clay Target Throwing Machines and Component Parts Thereof	Sweden	Terminated based on a settlement agreement.
337-TA-463	Certain Power-Saving Integrated Circuits and Products Containing Same[2]	No foreign respondent	Terminated based on a settlement agreement.

See footnotes at end of table.

Table A-30—*Continued*
Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2002 and those pending on Dec. 31, 2002

Status of Investigation	Article	Country[1]	Commission determination
337-TA-464	Certain Video Cassette Devices and Television/Video Cassette Device Combinations and Methods of Using Same	Japan	Terminated based on withdrawal of complaint.
337-TA-465	Certain Semiconductor Timing Signal Generator Devices, Components Thereof, and Products Containing Same[2]	No foreign respondent	Terminated based on a settlement agreement.
337-TA-466	Certain Organizer Racks and Products Containing Same	Canada	Terminated based on a settlement agreement.
337-TA-467	Certain Yellow Self-Stick Repositionable Notes Products	Germany, Mexico	Terminated based on a settlement agreement.
337-TA-470	Certain Semiconductor Memory Devices and Products Containing Same	Japan	Terminated based on a settlement agreement.
337-TA-472	Certain Semiconductor Devices and Products Containing Same	Korea	Terminated based on a settlement agreement.
337-TA-473	Certain Video Game Systems Accessories, and Components Thereof	China	Issued limited exclusion order and cease and desist order.
337-TA-475	Certain Electronic Educational Devices and Components Thereof	Hong Kong	Terminated based on withdrawal of complaint.
Pending:			
337-TA-406	Certain Lens-Fitted Film Packages	Hong Kong	Three related (ancillary) proceedings pending before the ALJ: (1) consolidated enforcement and advisory opinion proceeding; (2) enforcement proceeding; and (3) bond forfeiture proceeding.
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-460	Certain Sortation Systems, Parts Thereof, and Products Containing Same	Netherlands	Pending before the Commission.
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 Commission.
337-TA-468	Certain Microlithographic Machines and Components Thereof	Netherlands	Pending before the Commission.
337-TA-469	Certain Bearings and Packaging Thereof	Mexico, Canada	Pending before the ALJ.
337-TA-471	Certain Data Storage Systems and Components Thereof	Japan	Pending before the Commission.
337-TA-474	Certain Recordable Compact Discs and Rewritable Compact Discs	Hong Kong, Taiwan	Pending before the ALJ.

See footnotes at end of table.

Table A-30—*Continued*

Section 337 investigations and related proceedings completed by the U.S. International Trade Commission during 2002 and those pending on Dec. 31, 2002

Status of Investigation	Article	Country[1]	Commission determination
337-TA-476	Certain Radios and Components Thereof	China	Pending before the Commission.
337-TA-477	Certain Ammonium Octamolyodate Isomers	China	Pending before the ALJ.
337-TA-478	Certain Ground Fault Circuit Interrupters and Products Containing Same	China, Hong Kong	Pending before the ALJ.
337-TA-479	Certain Coamoxiclav Products, Potassium Clavulante Products, and Other products Derived from Clavulanic Acid	Austria, Italy, Switzerland	Pending before the Commission.
337-TA-480	Certain Panel Fasteners, Products Containing Same, And Components Thereof	Hong Kong	Pending before the ALJ.
337-TA-481	Certain Display Controllers with Upscaling Functionality and Products	Taiwan	Pending before the ALJ.
337-TA-482	Certain Compact Disc and DVD Holders	Denmark, Belgium, Hong Kong, Taiwan	Pending before the Commission.
337-TA-483	Certain Tool Handles, Tool Holders, Tool Sets, and Components Therefore	Taiwan	Pending before the ALJ.

[1] This column lists the countries of the foreign respondents named in the investigation.
[2] Investigation No. 463 was consolidated with Investigation No. 465 by the ALJ.

Source: U.S. International Trade Commission.

Table A-31
Outstanding Section 337 exclusion orders as of Dec. 31, 2002

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-55	Certain Novelty Glasses	Hong Kong	Nonpatent
337-TA-69	Certain Airtight Cast-Iron Stoves	Taiwan, Korea	Nonpatent
337-TA-87	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-105	Certain Coin-Operated Audio-Visual Games and Components Thereof	Japan, Taiwan	Nonpatent
337-TA-112	Certain Cube Puzzles	Taiwan, Japan, Canada	Nonpatent
337-TA-114	Certain Miniature Plug-In Blade Fuses	Taiwan	Nonpatent
337-TA-118	Certain Sneakers With Fabric Uppers and Rubber Soles	Korea	Nonpatent
337-TA-137	Certain Heavy-Duty Staple Gun Tackers	Taiwan, Hong Kong, Korea	Nonpatent
337-TA-152	Certain Plastic Food Storage Containers	Hong Kong, Taiwan	Nonpatent
337-TA-167	Certain Single Handle Faucets	Taiwan	Nonpatent
337-TA-174	Certain Woodworking Machines	Taiwan, South Africa	Nonpatent
337-TA-195	Certain Cloisonne Jewelry	Taiwan	Nonpatent
337-TA-197	Certain Compound Action Metal Cutting Snipsand Components Thereof	Taiwan	Nonpatent
337-TA-229	Certain Nut Jewelry and Parts Thereof	Philippines, Taiwan	Nonpatent
337-TA-231	Certain Soft Sculpture Dolls, Popularly Known as "Cabbage Patch Kids," Related Literature, and Packaging Therefor	No foreign respondents	Nonpatent
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
337-TA-276	Certain Erasable Programmable Read Only Memories, Components Thereof, Products Containing Same and Processes for Making Such Memories	Korea	June 7, 2005[3]
337-TA-279	Certain Plastic Light Duty Screw Anchors	Taiwan	Nonpatent
337-TA-285	Certain Chemiluminescent Compositions and Components Thereof and Methods of Using, and Products Incorporating, the Same	France	Nonpatent
337-TA-287	Certain Strip Lights	Taiwan	Nonpatent
337-TA-295	Certain Novelty Teleidoscopes	Hong Kong, Taiwan	Nonpatent
337-TA-308	Certain Key Blanks For Keys of High Security Cylinder Locks	Korea	Jan. 13, 2004 June 19, 2005[3]

See footnotes at end of table.

Table A-31—*Continued*
Outstanding Section 337 exclusion orders as of Dec. 31, 2002

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-314	Certain Battery-Powered Ride-On Toy Vehicles and Components Thereof	Taiwan	Jan. 31, 2003 Dec. 6, 2003[3] Jan. 27, 2004 Sept. 22, 2006[3]
337-TA-319	Certain Automotive Fuel Caps and Radiator Caps and Related Packaging and Promotional Materials	Taiwan	Nonpatent June 22, 2006[3] July 22, 2006[3]
337-TA-320	Certain Rotary Printing Apparatus Using Heated Ink Composition, Components Thereof, and Systems Containing Said Apparatus and Components	Spain, France	Apr. 30, 2004[3]
337-TA-321	Certain Soft Drinks and Their Containers	Colombia	Nonpatent
337-TA-324	Certain Acid-Washed Denim Garments and Accessories	Hong Kong, Taiwan, Brazil, Chile	Oct. 22, 2006[3]
337-TA-333	Certain Woodworking Accessories	Taiwan	Mar. 2, 2008[3]
337-TA-360	Certain Devices For Connecting Computers Via Telephone Lines	Taiwan	Feb. 13, 2007
337-TA-365	Certain Audible Alarm Devices For Divers	Taiwan	Aug. 21, 2007[3] Oct. 12, 2008[3]
337-TA-372	Certain Neodymium-Iron-Boron Magnets, Magnet Alloys, and Articles Containing Same	China, Hong Kong, Taiwan	May 20, 2005[3]
337-TA-374	Certain Electrical Connectors and Products Containing Same	Taiwan	Jan. 22, 2008
337-TA-376	Certain Variable Speed Wind Turbines and Components Thereof	Germany	Feb. 1, 2011[3]
337-TA-378	Certain Asian-Style Kamaboko Fish Cakes	Japan	Nonpatent
337-TA-380	Certain Agricultural Tractors Under 50 Power Take-Off Horsepower	Japan	Nonpatent
337-TA-383	Certain Hardware Logic Emulation Systems and Components Thereof	France	Oct. 5, 2008 Oct. 5, 2008 Oct. 5, 2008 Apr. 28, 2009 Apr. 28, 2009
337-TA-391	Certain Toothbrushes and the Packaging Thereof	China, Taiwan	Aug. 4, 2006
337-TA-406	Certain Lens-Fitted Film Packages	China, Hong Kong, Korea	May 23, 2006 Aug. 8, 2006 Nov. 28, 2006 Sept. 4, 2007 Sept. 4, 2007 Nov. 27, 2007 Apr. 5, 2008 Nov. 5, 2008 Mar. 7, 2009 Aug. 10, 2010 Aug. 13, 2010 Nov. 1, 2011 Jan. 10, 2012 Apr. 18, 2012 July 25, 2012
337-TA-413	Certain Rare-Earth Magnets and Magnetic Material and Articles Containing Same	China, Taiwan	July 22, 2003 July 22, 2003 Feb. 7, 2006 July 25, 2006 June 7, 2015

See footnotes at end of table.

Table A-31—*Continued*
Outstanding Section 337 exclusion orders as of Dec. 31, 2002

Investigation No.	Article	Country[1]	Date patent expires[2]
337-TA-416	Certain Compact Multipurpose Tools	China, Taiwan	July 1, 2011 Oct. 21, 2011 Oct. 21, 2011 Oct. 21, 2011
337-TA-422	Certain Two-Handle Centerset Faucets and Escutcheons, And Components Thereof	Taiwan, China	May 31, 2008
337-TA-424	Certain Cigarettes and Packaging Thereof	No foreign respondents	Nonpatent
337-TA-430/435	Certain Integrated Repeaters, Switches, Transceivers, and Products Containing Same	Taiwan	April 21, 2015 April 13, 2016
337-TA-440	Certain 4-Androstenediol	China	July 13, 2018
337-TA-446	Certain Ink Jet Cartridges and Components Thereof	Taiwan	Nov. 22, 2005 Nov. 22, 2005 Dec. 6, 2005 Nov. 3, 2007 Dec. 22, 2008 Apr. 25, 2012
337-TA-448	Certain Oscillating Sprinklers, Sprinkler Components, and Nozzles	Taiwan, Israel, Germany	July 8, 2014
337-TA-449	Certain Abrasive Products Made Using a Process for Making Powder Preforms and Products Containing Same	Taiwan	April 8, 2014
337-TA-450	Certain Integrated Circuits, Processes for Making Same and Products Containing Same	Taiwan	October 28, 2017
337-TA-473	Certain Video Game Systems, Accessories, and Components Thereof	China	Dec 18, 2015 Dec 25, 2015

[1] This column lists the countries of the foreign respondents named in the investigation.
[2] Multiple dates indicate the expiration dates of separate patents within the investigation.
[3] Patent term extended pursuant to 35 U.S.C. 154(c).

Source: U.S. International Trade Commission, Office of Unfair Import Investigations.

Table A-32
U.S. imports for consumption of leading GSP duty-free imports, 2002

(1,000 dollars)

HTS Rank	HTS	Description	Total U.S. imports for consumption	GSP eligible	GSP duty-free
1	2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	31,662,681	3,248,189	3,080,497
2	7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	4,223,877	3,571,941	1,290,309
3	2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	627,244	1,095,125	325,171
4	2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	19,848,229	252,586	218,816
5	7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	965,532	197,712	194,206
6	2909.19.14	Methyl tertiary-butyl ether (MTBE)	1,108,038	562,406	184,448
7	8708.70.45	Road wheels for motor vehicles	1,153,465	192,105	183,424
8	6802.93.00	Monumental or building stone & arts. thereof, of granite, further worked than simply cut/sawn, nesoi	506,249	191,662	182,239
9	8525.40.80	Still image video cameras, other than digital, and other video camera recorders	2,109,412	231,173	177,782
10	2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 d	8,877,535	192,317	159,117
11	8528.12.28	Non-high definition color television reception apparatus, nonprojection, video display diagonal over 35.56 cm, incorporating a VCR or player	475,125	177,028	148,705
12	4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	458,743	171,918	144,910
13	7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	816,026	184,855	137,975
14	4418.90.45	Builders' joinery and carpentry of wood, including cellular wood panels, n.e.s.o.i.	806,027	145,016	132,753
15	7615.19.30	Aluminum, cooking and kitchen ware, other than cast, enameled or glazed or containing nonstick interior finishes	319,969	131,917	129,358
16	8708.99.80	Parts and accessories n.e.s.o.i., of motor vehicles, n.e.s.o.i.	4,427,898	150,082	129,006
17	8544.30.00	Ignition wiring sets, other wiring sets of a kind used in vehicles, aircraft or ships	5,301,661	547,849	128,308
18	3907.60.00	Polyethylene terephthalate in primary forms	422,893	129,022	127,182
19	8708.39.50	Brakes and servo-brakes and parts thereof, n.e.s.o.i.. Excluding mounted brake linings, for motor vehicles not agricultural tractors	2,132,756	136,776	125,814
20	7323.93.00	Stainless steel table, kitchen or other household articles and parts thereof	667,153	126,541	119,972
		Subtotal	86,910,512	11,636,221	7,319,991
		All other	1,064,267,675	21,979,532	10,337,279
		Total	1,151,178,187	33,615,753	17,657,270

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-33
U.S. imports for consumption and imports eligible for GSP treatment, by import categories under the Harmonized Tariff Schedule, 2002

(Million dollors)

HTS Section	Description	Total U.S. imports for consumption	GSP eligible	GSP duty-free
I	Live Animals; Animal Products	15,595	42	37
II	Vegetable Products	13,151	1,016	336
III	Animal And Vegtable Fats, Oils, And Waxes	1,326	27	25
IV	Prepared Foodstuffs; Beverages, Spirits; Tobacco	23,975	2,492	870
V	Mineral Products	109,204	3,825	3,480
VI	Chemical Products	80,636	3,091	1,108
VII	Plastics And Rubber	30,350	1,776	1,064
VIII	Raw Hides And Skins, Leather, Furskins; Saddlery; Handbags	8,307	506	337
IX	Wood; Charcoal; Cork ; Straw And Other Plaiting Materials	16,285	1,159	773
X	Wood Pulp; Paper And Paperboard	20,749	365	300
XI	Textiles And Textile Articles	75,054	347	215
XII	Footwear, Headgear, Umbrellas; Artificial Flowers	18,127	60	52
XIII	Stone, Plaster, Cement, Asbestos, Ceramic And Glass Articles	11,961	1,040	827
XIV	Pearls, Precious or Semi-precious Stones; Imitation Jewellery	26,436	4,343	1,781
XV	Base Metals And Articles of Base Metal	51,527	5,922	2,026
XVI	Machinery And Appliances; Electrical Equipment	311,708	5,030	2,542
XVII	Vehicles, Aircraft, Vessels, Transport Equipment	191,546	1,277	1,014
XVIII	Optical, Photographic, Medical, And Musical Instruments ; Clocks	39,009	747	413
XIX	Arms And Ammunition; Parts And Accessories Thereof	978	60	55
XX	Miscellaneous Manufactured Articles	50,959	493	401
XXI	Works of Art, Collectors' Pieces And Antiques	5,185	0	0
XXII	Special Classification Provisions	49,109	0	0
	Total, above Items	1,151,178	33,616	17,657

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-34
U.S. imports for consumption of leading imports under CBERA, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	26,813	931,920	1,093,055
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	34,445	759,714	863,751
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	0	263,518	609,776
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	10,873	376,228	485,435
6107.11.00	Men's or boys' underpants and briefs, knitted or crocheted, of cotton	8,482	305,308	438,609
6212.10.90	Brassieres, not containing lace, net, or embroidery, not 70 percent or more silk, whether or not knitted or crocheted	6,603	221,991	385,518
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	12,261	283,586	290,408
6203.43.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	9,462	249,310	289,466
6108.21.00	Women's or girls' briefs and panties, knitted or crocheted, of cotton	3,436	195,541	261,127
2402.10.80	Cigars, cheroots and cigarillos, each valued 23 cents or over	223,464	211,637	228,526
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	159,702	185,193	227,516
2905.11.20	Methanol (methyl alcohol), n.e.s.o.i.	222,229	281,988	219,876
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	0	0	215,416
6109.90.10	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of man-made fibers	7,595	209,080	173,750
0804.30.40	Pineapples, fresh or dried, not reduced in size, in crates or other packages	113,889	133,697	168,287
1701.11.10	Raw sugar not containing added flavoring or coloring	134,009	117,133	148,769
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	2,430	111,888	138,743
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	4,040	149,340	132,954
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	0	75,180	130,900
0807.19.20	Cantaloupes, fresh, not entered Aug. 1-Sept. 15	97,547	114,444	122,247
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	900	55,221	96,838
6205.30.20	Men's or boys' shirts, not knitted or crocheted, of manmade fibers, n.e.s.o.i.	1,344	63,226	95,140
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	2,356	75,312	91,467
6108.22.90	Women's or girls' briefs and panties (other than disposable), of man-made fibers, knitted or crocheted	850	59,827	83,741
6204.63.35	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of synthetic fibers, n.e.s.o.i.	2,318	95,555	77,408
	Subtotal	1,085,049	5,525,836	7,068,722
	All other	1,709,126	2,782,335	2,934,538
	Total	2,794,174	8,308,171	10,003,260

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-35
U.S. imports for consumption under CBERA provisions, by sources, 1998-2002

(1,000 dollars)

Rank	Source	1998	1999	2000	2001	2002
1	Dominican Republic . . .	1,294,533	820,270	852,294	2,363,324	2,679,342
2	Honduras	236,073	180,152	252,149	1,670,844	1,989,871
3	Trinidad and Tobago .	186,219	217,857	329,471	753,448	1,173,434
4	Costa Rica	756,579	683,017	617,142	1,011,454	1,154,516
5	El Salvador	50,206	59,051	71,565	1,008,274	1,144,089
6	Guatemala	268,869	285,349	264,630	744,157	1,044,628
7	Nicaragua	72,701	50,556	57,555	147,887	212,845
8	Jamaica	102,178	89,593	89,459	195,207	194,059
9	Haiti	28,167	21,914	25,160	158,698	176,509
10	Bahamas	34,914	56,018	74,451	75,811	70,881
11	Belize	19,706	23,057	32,360	48,519	42,834
12	Panama	77,453	45,962	42,639	42,254	41,551
13	St Kitts-Nevis	25,428	25,617	27,613	29,490	27,305
14	Guyana	24,617	14,706	17,143	23,769	21,912
15	Barbados	20,392	24,632	10,441	12,002	12,357
16	St. Lucia					
	St Vincent and	7,802	9,249	7,471	7,225	7,980
17	Grenadines	3,532	7,195	1,947	2,223	5,514
18	Netherlands Antilles . .	2,775	1,612	3,624	6,043	3,089
19	Dominica	1,858	9,497	196	80	374
20	British Virgin Islands . .	333	364	31	21	66
21	Antigua	214	22	4	152	43
22	Grenada	8,242	11,486	16,702	7,265	37
23	Aruba	1,779	19	128	22	23
24	Montserrat	0	6	0	0	0
	Total	3,224,570	2,637,204	2,794,174	8,308,171	10,003,260

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-36
U.S. imports for consumption under ATPA provisions, by source, 2000-02

(1,000 dollars)

Rank	Source	2000	2001	2002
1	Colombia	826,559	717,966	404,148
2	Peru	846,014	686,341	381,814
3	Ecuador	247,595	216,300	177,734
4	Bolivia	61,464	53,999	37,119
	Total	1,981,632	1,674,607	1,000,816

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-37
U.S. imports for consumption of leading imports under ATPA, 2000-02

(1,000 dollars)

HTS No.	Description	2000	2001	2002
7403.11.00	Cathodes and sections of cathodes, of refined copper	565,651	429,379	248,663
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	0	0	119,804
0603.10.60	Roses, fresh cut	192,420	180,283	69,765
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	0	0	66,571
0603.10.70	Chrysanthemums, standard carnations, anthuriums and orchids	121,311	92,342	46,539
0603.10.80	Cut flowers and flower buds suitable for bouquets, n.e.s.o.i.	91,947	85,244	43,302
7113.19.50	Articles of jewelry and parts thereof, of precious metal except silver, except necklaces and clasps	64,663	78,685	36,704
0709.20.90	Asparagus, fresh or chilled, not reduced in size, not entered Sept. 15-Nov. 15	33,412	28,261	31,589
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	199,393	194,628	29,866
7113.19.29	Gold necklaces and neck chains, other than rope or mixed link	18,302	24,449	21,828
2402.20.80	Cigarettes containing tobacco but not clove, paper-wrapped	937	13,781	20,524
0709.20.10	Asparagus, fresh or chilled, not reduced in size, entered Sept. 15-Nov. 15	9,991	15,239	18,729
0603.10.30	Miniature (spray) carnations, fresh cut	33,673	24,584	13,239
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	0	0	9,722
7113.19.21	Rope necklaces and neck chains of gold	20,700	10,005	9,232
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	20,530	17,742	7,601
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	0	0	7,263
0703.10.40	Onions, other than onion sets or pearl onions not over 16 mm in diameter, and shallots, fresh or chilled	4,285	11,131	6,683
2710.19.10	Distillate/residual fuel oil (including blends) derived from petroleum oils or oil of bituminous minerals, testing 25 degree A.P.I. or more	0	0	6,584
4421.90.97	Articles of wood, n.e.s.o.i.	0	0	6,571
7113.19.10	Rope and chain for jewelry, of precious metal except silver	44,860	29,560	6,491
4418.20.80	Doors and their frames and thresholds, of wood, other than French doors	10,532	9,039	6,220
6908.90.00	Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, n.e.s.o.i.	8,392	7,209	5,323
0710.80.97	Vegetables n.e.s.o.i., uncooked or cooked by steaming or boiling in water, frozen, reduced in size	4,788	6,846	5,313
7610.10.00	Doors, windows, and their frames and thresholds for doors, of aluminum	1,032	5,962	5,016
	Subtotal	1,446,818	1,264,368	849,142
	All other	534,814	410,239	151,674
	Total	1,981,632	1,674,607	1,000,816

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-38
U.S. imports for consumption of leading imports under AGOA, 2001-02

(1,000 dollars)

HTS No.	Description	2001	2002
2709.00.20	Petroleum oils and oils from bituminous minerals, crude, testing 25 degrees A.P.I. or more	6,640,141	6,534,442
2710.19.05	Distillate and residual fuel oil (including blends) derived from petroleum or oils from bituminous minerals, testing under 25 degrees A.P.I.	0	359,364
8703.23.00	Passenger motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity 1,500-3000 cc	4	338,959
6203.42.40	Men's or boys' trousers, breeches, and shorts, not knitted or crocheted, of cotton, not containing 15 percent or more down	82,361	161,475
6110.20.20	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of cotton, n.e.s.o.i.	61,964	159,734
6204.62.40	Women's or girls' trousers, breeches, and shorts, not knitted or crocheted, of cotton, n.e.s.o.i.	98,517	153,938
8703.24.00	Other passenger motor vehicles, with spark-ignition internal combustion reciprocating piston engine, cylinder capacity over	232,277	132,784
7606.12.30	Aluminum alloy plates, sheets, and strip, of a thickness exceeding 0.2 mm, rectangular (including square), not clad	55,478	70,519
7202.30.00	Ferrosilicon manganese	37,388	50,749
2710.11.25	Naphthas, not motor fuel/blending stock, from petroleum oils/oils from bituminous minerals, minimum 70 percent by weight of such products	0	47,388
7202.11.50	Ferromanganese containing by weight more than 4 percent carbon	28,058	43,305
1701.11.10	Raw sugar not containing added flavoring or coloring	27,561	42,219
6110.30.30	Sweaters, pullovers, sweatshirts, waistcoats, and similar articles, knitted or crocheted, of man-made fibers, n.e.s.o.i.	8,216	39,506
7202.41.00	Ferrochromium containing more than 3 percent of carbon	42,853	36,531
6109.10.00	T-shirts, singlets, tank tops, and similar garments, knitted or crocheted, of cotton	4,920	30,350
6205.20.20	Men's or boys' shirts, not knitted or crocheted, of cotton, not certified hand-loomed and folklore product	13,823	29,657
6104.62.20	Women's or girls' trousers, breeches, and shorts, knitted or crocheted, of cotton	7,453	25,021
6106.10.00	Women's or girls' blouses and shirts, knitted or crocheted, of cotton	5,694	24,483
6105.10.00	Men's or boys' shirts, knitted or crocheted, of cotton	9,058	24,146
2804.69.10	Silicon, containing by weight less than 99.99 percent but not less than 99 percent of silicon	24,692	22,753
7210.49.00	Iron or nonalloy steel, width over 600 mm, flat-rolled, non-electrolytically zinc plated or coated, not corrugated	10,881	21,775
2401.20.85	Tobacco, partly or wholly stemmed/stripped, threshed or similarly processed, not from cigar leaf	17,846	21,031
8708.70.45	Road wheels for motor vehicles	19,967	17,883
7208.39.00	Flat-rolled iron or nonalloy steel, n.e.s.o.i., hot-rolled, in coils, width 600 mm or more, less than 3 mm thick	397	16,776
2709.00.10	Petroleum oils and oils from bituminous minerals, crude, testing under 25 degrees A.P.I.	16,694	16,140
	Subtotal	7,446,241	8,420,928
	All other	851,633	715,686
	Total	8,297,874	9,136,614

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 under AGOA provisions, by source, 2001-02

(1,000 dollars)

Rank	Source	2001	2002
1	Nigeria	5,688,461	5,409,660
2	Republic of South Africa	923,243	1,342,594
3	Gabon	938,760	1,145,627
4	Lesotho	129,592	318,029
5	Democratic Rep of the Congo[1]	118,527	144,885
6	Kenya	58,873	129,210
7	Cameroon	37,174	115,804
8	Mauritius	53,975	114,292
9	Republic of the Congo	130,235	106,633
10	Swaziland	14,770	81,252
11	Madagascar	97,105	79,728
12	Cote d'Ivoire	13,321	49,733
13	Malawi	35,362	46,904
14	Ghana	42,889	34,830
15	Mozambique	5,278	5,916
16	Botswana	1,221	4,578
17	Ethiopia	822	2,320
18	Namibia	93	1,717
19	Tanzania	899	1,293
20	Senegal	567	499
21	Mali	293	342
22	Sierra Leone	387	217
23	Central African Republic	0	192
24	Zambia	775	83
25	Guinea	191	68
26	Cape Verde	152	51
27	Mauritania	0	35
28	Uganda	141	32
29	The Gambia	1	24
30	Djibouti	0	23
31	Niger	42	22
32	Eritrea	0	11
33	Rwanda	318	10
34	Benin	178	0
35	Chad	0	0
36	Guinea-Bissau	0	0
37	Sao Tome and Principe	0	0
38	Seychelles	4,230	0
	Total	8,297,874	9,136,614

[1] The Democratic Republic of the Congo (DROC) was designated as eligible for AGOA benefits on Dec. 31, 2002. While it is included in this table and other AGOA data presented in this report, DROC was not granted AGOA tariff-related privileges during 2002. Those privileges are to be granted when DROC forms a transitional government. For additional information, see The White House, "Statement on AGOA," press release, Jan. 4, 2003, found at *http://www.whitehouse.gov/news/releases/2003/01/print/200301041.html*.

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

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