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# INTERNATIONAL ECONOMIC REVIEW

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## OFFICE OF ECONOMICS

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# COUNTRY AND REGIONAL DEVELOPMENTS

## *At A Glance. . .*

### **OECD**

The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions was agreed at a negotiating conference in Paris on November 20, 1997. Its signature is scheduled for December 17, 1997 by both the 29 OECD member states, as well as 5 nonmember countries— Argentina, Brazil, Bulgaria, Chile and the Slovak Republic. The convention addresses corruption involved in promising or giving a bribe (“active” bribery), as opposed to receiving one (“passive” bribery). The convention seeks a functional equivalence among measures taken by signatories against the bribery of foreign public officials.

### **Western Hemisphere**

Mercosur continued to pursue closer trade ties with the NAFTA partners during the final months of 1997 despite the November 1997 decision by the U.S. administration not to pursue fast track legislation. Mercosur is the four-nation customs union launched in 1995 joining Argentina, Brazil, Paraguay, and Uruguay. Discussions between Mercosur and Canada were initiated in mid-1997; a trade and investment arrangement is likely to be signed in early 1998, which eventually could become a stepping stone for a more comprehensive trade agreement. Mercosur has engaged in more substantial trade talks with Mexico since late 1996, but negotiations have snagged on agricultural issues and dispute settlement mechanisms. Both sides hope that a single Mercosur-Mexico trade agreement would replace the existing network of bilateral trade accords between Mexico and

each of the Mercosur partners that are set to expire December 31, 1997.

Aftershocks of the 1997 Asian financial crisis were particularly strong in Brazil during October-November 1997. On November 10<sup>th</sup>, the Brazilian government— flatly ruling out the option of a currency devaluation— approved an economic austerity program that included an \$18.2 billion package of budget cuts and tax increases to shore up the Brazilian currency. Also as part of the austerity measures, Brazil and Argentina agreed to raise the Mercosur common external tariff (CET) by 3 percent from the current average ad valorem rate of approximately 12 percent. The CET is the tariff rate applied to non-members and, in theory, the four Mercosur partners are obliged to assess the same “common” tariff; however, Paraguay and Uruguay were not consulted in this tariff hike and for the time being will maintain the original, lower “common” tariff. Prior to this tariff hike, Mercosur in fact had led to a reduction of Brazil’s overall tariffs; in Argentina, the 3 percent tariff increase merely replaces a 3 percent “statistical” tax already assessed.

### **APEC**

During November 21 and 22, APEC Ministers selected nine sectors for early voluntary sectoral liberalization. The nine sectors were: environmental goods and services, energy sector, fish and fish products, toys, forest products, gems and jewelry, medical equipment and instruments, chemicals, and telecommunications mutual recognition arrangement. APEC members are to immediately complete

work on these proposals including finalizing the scope of coverage, flexible phasing, measures covered, and implementation. Progress on these sectors will be reviewed at the next APEC Trade Ministerial meeting in June 1998.

### **Mexico**

Mexican President Ernesto Zedillo expressed disappointment over the failure of the U.S. Congress to grant “fast-track” authority to President Clinton, an event that took place just a few days before Mr. Zedillo’s visit in Washington D.C. on Nov. 13. At this meeting, which was their second one in 1997, the two leaders made further progress in facilitating the prosecution of fugitive drug traffickers in Mexico, discouraging illegal sales of weapons to Mexico, and resolving a long-standing maritime dispute on the Gulf of Mexico—an issue important to oil companies.

### **EU**

At the Trans-Atlantic Business Dialogue’s (TABD’s) third annual meeting on November 6-7, 1997, the business community took a unified stand in support of an industry-led, market-driven, self-regulatory approach to global electronic commerce, despite concerns raised by the U.S. (over encryption) and EU governments (over privacy). The TABD also strongly urged the U.S. and EU to promptly reach a long-term resolution of problems raised by U.S. sanctions laws, reaffirming its position that economic sanctions, if imposed, should be done on a multilateral basis. Regarding market access, the TABD urged exploration of all opportunities for further

## COUNTRY AND REGIONAL DEVELOPMENTS—Cont.

### *EU—Cont.*

trade liberalization, including expanded participation in the ITA and the chemical tariff harmonization agreement and global tariff liberalization in agreed upon sectors. On the governmental level, a breakthrough was announced on the EU's ban on specified risk materials (SRMs) when EU officials announced that steps would be taken to avoid disrupting commerce. Deputy Secretary of Commerce Bob Mallet announced creation of a high level interagency group to focus on implementation of TABD recommendations.

### *U.S. Trade*

The U.S. trade deficit rose 18.6 percent in September to \$11.1 billion, 1.6 billion more than the \$9.5 billion in August. Exports of goods decreased to \$56.5 billion and imports of goods increased to \$74.7 billion. Exports of services increased to \$21.5 billion and imports of services increased to \$14.4 billion. The surplus on services of \$7.1 billion remained virtually equal to previous month surplus. □

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# INTERNATIONAL TRADE DEVELOPMENTS

## U.S. Trade with Sub-Saharan Africa

### *Factors Influencing U.S. Trade with Sub-Saharan Africa<sup>1</sup>*

More than 30 Sub-Saharan African countries are opening their economies to global trade and foreign investment by removing exchange controls, liberalizing investment regimes, privatizing state-owned enterprises, eliminating subsidies, ending price controls, and instituting tighter disciplines over government spending. But many of these countries also have high tariffs, inadequate and fragmented infrastructure, cumbersome and inefficient bureaucracies and other problems that hinder the expansion of trade and investment.

The following factors are believed to generally influence U.S. trade and investment with Sub-Saharan Africa: historical commercial and cultural relationships between the region and former European colonial powers; the availability of preferential trade programs for developing countries; macroeconomic conditions; transportation costs between Africa and the Americas; local market conditions and productivity; physical infrastructure; political stability; a fair and transparent legal system; and the business climate.

### *U.S.-Sub-Saharan Africa Trade*

Sub-Saharan Africa accounted for about 1 percent of U.S. merchandise exports and 2 percent of U.S. merchandise imports in 1996. U.S. merchandise exports to Sub-Saharan Africa totaled \$6.0 billion in 1996, up from \$5.3 billion in 1995. U.S. imports rose to a record high \$15.1 billion in 1996, up from \$12.9 billion in 1995, due largely to price increases in crude

oil imports. The U.S. merchandise trade deficit with Sub-Saharan Africa rose to over \$9 billion—a record high, outpacing the \$8.6 billion trade deficit of 1990.

Transportation equipment, agricultural products, machinery, electronic products, and chemicals are the largest U.S. merchandise export sectors with respect to Sub-Saharan Africa. Combined, these five sectors accounted for 80 percent of the value of U.S. merchandise exports to the region in 1996. Exports of transportation equipment increased by more than 44 percent during 1995-96, with exports to South Africa (the region's largest purchaser of U.S. transportation equipment) up by 18 percent and exports to Nigeria (the second largest purchaser of U.S. transportation equipment) up by 88 percent.

A 19.3 percent increase in imports of energy-related products during 1995-96 (mainly due to crude oil price increases, with Nigeria the leading supplier) accounted for a large portion of the increase in imports from Sub-Saharan Africa; energy-related products made up 71 percent of total U.S. imports from the region in 1996. Imports of minerals and metals (mostly platinum-group metals, with South Africa the leading supplier) increased by 1.6 percent, and were the second-leading category of U.S. imports from the region. Imports of agricultural products (chiefly tropical products such as cocoa products, coffee and tea, natural gums and resins, and vanilla beans, with Côte d'Ivoire the leading supplier) grew by 6 percent and also were significant during 1996.

The major U.S. export markets in Sub-Saharan Africa remain South Africa and Nigeria. These countries together accounted for 63 percent of U.S. exports to the region. Other important markets in 1996 and their export shares were Ghana (4.9 percent of regional exports) and Angola (4.4 percent).

Major import suppliers include Nigeria (more than 96 percent of U.S. imports from that country were energy-related products), Angola, South Africa, and Gabon. These four countries accounted for 84 percent of U.S. imports from Sub-Saharan Africa in 1996. Imports from Angola and Gabon also were heavily concentrated in energy-related products, particularly

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<sup>1</sup> Sub-Saharan Africa includes 48 African countries to the south of the Great Sahara. The definition excludes countries of North Africa—Egypt, Algeria, Libya, and Tunisia.

crude oil. Imports from South Africa were more diversified across sectors.

The average trade-weighted duty rate on U.S. imports from Sub-Saharan Africa fell from 1.7 percent ad valorem in 1995 to 1.5 percent in 1996. The highest tariffs on U.S. imports from Sub-Saharan Africa were on textiles and apparel (17.9 percent), footwear (12.2 percent), and agricultural products (8.8 percent). The lowest tariffs were on energy-related products (0.5 percent), machinery (2.3 percent), and transportation equipment (3.0 percent). In 1996, 58.4 percent of U.S. imports from the region were dutiable.

U.S. imports under the Generalized System of Preferences (GSP) program rose from \$488.8 million in 1995 to \$588.2 million in 1996, or by 20.3 percent, and accounted for 3.9 percent of the total value of U.S. imports from the region. Much of this increase was due to higher imports from South Africa, which rose from \$357 million in 1995 to \$429.3 million in 1996, equivalent to 73 percent of such imports from the region in 1996.

### ***Foreign Investment in Sub-Saharan Africa***

Global foreign direct investment (FDI) in Sub-Saharan Africa is concentrated in only a few countries and a few economic sectors. Global FDI in Sub-Saharan Africa increased from \$2.2 billion in 1995 to \$2.6 billion in 1996. Of this amount, approximately \$600 million went to Nigeria's oil-producing and exporting sector, and more than \$400 million to oil-exporting Angola; other leading recipients were Ghana, Gabon, Cameroon, and Zambia. The investment-grade South African economy led Sub-Saharan Africa as a recipient of commercial bank loans and foreign portfolio investment (including bond issues).

U.S. investment (as measured by capital flows) in Sub-Saharan Africa totaled \$540 million in 1996, down from nearly \$797 million in 1995, and below the 1992-96 period peak of \$865 million in 1993. On a global basis, Sub-Saharan Africa remains a relatively insignificant destination for new U.S. investment. In 1996, investment in Sub-Saharan Africa was 0.6 percent of U.S. worldwide investment, down from the 1992-96 period peak of 1.1 percent in 1993. During 1996, the leading destinations of U.S. investment in the region were Nigeria (\$263 million or 48.7 percent of the regional total) and South Africa (\$258 million or 47.8 percent of the total).

### ***Regional Economic Integration***

During 1996, the West African Economic and Monetary Union (WAEMU) continued to make progress towards the scheduled January 1, 1998 establishment of a regional customs union of primarily former French colonies (WAEMU members are Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo, and Guinea-Bissau). The Southern African Development Community (SADC) also made significant progress towards consolidating regional economic integration and made some headway towards its goal of establishing a regional free-trade area by the year 2000 (SADC members are Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe). SADC signed a memorandum of understanding with the United States in 1996 to enhance economic, trade, and investment relations.

However, progress towards the creation of a customs union by the members of the Common Market for Eastern and Southern Africa (COMESA) slowed significantly during 1996, as a result of diminished political and financial support for the organization by its members, intra-regional conflicts between members, and domestic unrest within members (COMESA members are Angola, Burundi, Comoros, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Tanzania, Uganda, Zaire, Zambia, and Zimbabwe).

### ***Finance, Trade, and Development Issues Affecting U.S.-Sub-Saharan Africa Trade and Investment Opportunities***

At the World Trade Organization (WTO) Ministerial Meeting in Singapore in December 1996, Ministers adopted the Comprehensive and Integrated Plan of Action for Least-Developed Countries. The plan was designed to develop an approach to multilateral assistance measures for the least-developed countries. Initial participants in the program to provide assistance to least-developed countries are the WTO, International Monetary Fund (IMF), World Bank, and United Nations agencies.

Financial activity in Sub-Saharan Africa by international organizations generally declined in 1996. Activity by the World Bank Group—the Multilateral Investment Guarantee Agency, the International Finance Corporation, and the International Development Association—all declined in 1996. Total



loan disbursements to Sub-Saharan Africa by the IMF also declined. In other developments, the IMF and the World Bank jointly agreed to a debt initiative that was designed to reduce to sustainable levels the debt burden of heavily indebted poor countries.

U.S. Government programs directed toward Sub-Saharan Africa generally increased in 1996 from the previous year. The Overseas Private Investment Corporation (OPIC) insured more than \$171 million in new investments in Sub-Saharan Africa in 1996, up by 54 percent from 1995. OPIC's finance program accounted for \$80 million, an increase of 26 percent over the 1995 level. Support from the Export-Import Bank of the United States (Eximbank) in the form of loans, guarantees, and medium-term insurance to sub-Saharan Africa increased from \$2.7 billion in 1995 to \$3.1 billion in 1996. Obligations by the Trade and Development Agency in Sub-Saharan Africa increased from \$3.9 million in 1995 to \$5.0 million in 1996. The U.S. Agency for International Development (USAID), however, allocated \$632 million for programs in Sub-Saharan Africa, 25 percent less than in 1995.

On May 30, 1997, as part of a legislative package to renew the Generalized System of Preferences (GSP) program, President Clinton designated 1,783 products eligible for GSP duty-free treatment when those products are produced in the least-developed beneficiary developing countries, most of which are in Sub-Saharan Africa.

### ***U.S. and Sub-Saharan African Economic and Trade Policies Affecting U.S. Trade and Investment in Major Sectors***

During 1995-96, the U.S. trade surplus with Sub-Saharan Africa in **agricultural products** fell by \$215.9 million (86 percent) to \$33.8 million. Grains and vegetable oils, the main commodities to the region, were exported in lesser amounts than in past years, due partly to record-low stocks, high grain prices, and U.S. export-promotion and food-assistance programs being scaled back in 1996. Concerns about decreased global food aid were expressed by African and other food-deficit developing countries at the 1996 World Food Summit. Among the major trading partners in the region that continued to reform their import policies and domestic agricultural support programs, Nigeria reduced duties and port charges on wheat and rice (the two leading U.S. agricultural exports), but still banned corn imports. South Africa completed a revamping of its agricultural marketing boards and eliminated export

subsidies by the end of 1996. U.S. imports of sugar and tobacco from a number of countries in the region were affected by 1996 adjustments to tariff-rate quotas on these products.

The United States registered a trade surplus of \$90.4 million in **forest products** with Sub-Saharan Africa in 1996, which was \$44.6 million (33 percent) less than in 1995. South Africa, the largest U.S. sector trading partner in the region, reduced tariffs on paper and paperboard, the major sector exports to the region. Regional policy developments focused on conservation of tropical-hardwoods resources in addition to trade liberalization, but the impact of these developments on U.S.-Sub-Saharan Africa trade are likely to be insignificant; rather, potential for U.S. sector export growth is dependent on an increase in the region's overall paper consumption.

The U.S. trade surplus with Sub-Saharan Africa in **chemicals and related products** decreased from \$478.9 million in 1995 to \$268.9 million in 1996. In this sector, Sub-Saharan African countries are only minor trading partners and trade with the United States is limited to specific products. U.S. exports consisted mainly of intermediate chemicals to South Africa and Nigeria to meet shortfalls in local production. The increased value of U.S. imports, consisting mainly of aromatic chemicals produced in Nigerian refineries from crude petroleum, resulted largely from increased prices in 1996.

The United States' trade deficit with Sub-Saharan Africa in **energy-related products** widened from \$8.9 billion in 1995 to \$10.6 billion in 1996, as the value of imports from the region rose sharply due mainly to increased world crude-petroleum prices. However, U.S. energy exports to the region also rose, with increased demand for clean-burning U.S. coal for electric-power generation, driven by South Africa's economic recovery. Among the sector activities in the region, Angola plans to open additional energy sectors to foreign investment, and South African energy companies are striving to expand into neighboring countries. The funding of joint-venture operations in Nigeria was impeded during the year by the national petroleum company's budgetary shortfalls.

The U.S. trade deficit in **textiles and apparel** with Sub-Saharan Africa declined by \$60.7 million (31 percent) from the 1995 level to \$194.4 million in 1996. Decreased imports of sector products were attributed, in part, to the continued effects of U.S. import quotas from two Sub-Saharan producers and declining competitiveness of regional apparel products. U.S. exports of used clothing to the region have been growing in recent years, but this has also reduced



demand for locally made clothing, which has led to a decline in production and employment in the textile and apparel industries in several countries. Increased growth of U.S. import quotas are provided for under the WTO Agreement on Textiles and Clothing. Legislation currently pending in Congress, the *African Growth and Opportunity Act*, would eliminate current U.S. import quotas, provided there are safeguards against transshipment, and allow for sector products currently excluded from the GSP to be considered for duty-free treatment under the program.

After several years of increasing deficits, the U.S. trade deficit with Sub-Saharan Africa in **minerals and metals** was largely unchanged, shrinking only \$25.1 million (1 percent) to \$1.9 billion during 1995-96. Net export growth in U.S. sector trade with the region was due largely to increased exports of steel mill products and particularly to large transfers of nonmonetary gold bullion. Extension of additional GSP benefits to Zambia and Zaire may enhance competitiveness of their cobalt alloys in the U.S. market, but these countries have limited capacity to expand production in the immediate future. Many countries continued structural-economic reforms, including liberalization of investment and mining regulations, which portend further U.S. trade and investment in the region. South Africa, the United States' largest sector trading partner in the region, continued reducing tariffs and subsidies, although scheduled duty-rate reductions on flat-rolled aluminum mill products were slowed in response to local industry concerns. Several U.S. mining companies were successful bidders for certain assets in Zambia's privatization of its debt-ridden state copper-mining company.

The United States continued to experience an overall trade surplus in **machinery** with Sub-Saharan Africa in 1996, which increased by \$101.6 million (17 percent) to \$687.0 million compared to 1995. Despite shortages of foreign exchange, economic slowdowns, and high import duties on machinery in some countries, growth in U.S. sector exports benefited from duty suspensions and tax incentives for imported capital equipment granted by many countries in the region. South Africa, the largest market for U.S. machinery, agreed to reclassify certain U.S. washing machines, which removed duties as high as 30 percent. As in the previous year, increased U.S. machinery imports in 1996 were due primarily to increased imports from South Africa under the GSP program. The numerous resource-development, manufacturing, and infrastructure projects in the region, sponsored by multilateral lenders, have the potential to increase demand for U.S. machinery.

The U.S. trade surplus with Sub-Saharan Africa in **transportation equipment** increased by \$506.4 million (45 percent) in 1996 to reach \$1.6 billion. Increased sector exports reflected continued development efforts in the region, particularly infrastructure development, growth of the mining industry, and promotion of tourism. U.S. exports to leading markets continue to be subject to high tariffs, although South Africa continued reducing certain tariffs for the principal U.S. sector exports to the region in 1996. South Africa's import credits, allowances, and export-oriented rebates to its automobile industry have come under scrutiny for possible conflict with the WTO. Policy reforms and infrastructure investment by several Sub-Saharan African countries offer the potential for increased demand for U.S. transportation equipment, although transparency problems in tendering procedures and budgetary shortfalls have been experienced. U.S. bilateral and multilateral support for infrastructure, mining, and energy projects also provides opportunities for U.S. exports of transportation equipment.

During 1996, the United States maintained a \$676.6 million trade surplus in **electronics and related products** with Sub-Saharan Africa, down slightly (\$27.3 million or 4 percent) from the 1995 level. Growth in U.S. exports of sector products to the region, especially of telecommunications and computer equipment, of which the United States is a global leader, was due largely to the region's widespread need for upgrading and expanding its telecommunications and computing capabilities. Problems with intellectual-property protection and its enforcement are widespread. Improvements during 1996 include Kenya's extension of its Copyright Act to protect computer programs. A number of U.S. companies have already invested in Tanzania's telecommunications sector. Privatization of telecommunications in the region and multilateral funding of infrastructure improvements should benefit U.S. producers and vendors of telecommunications equipment, automatic data-processing equipment, and computer software.

The U.S. trade surplus with Sub-Saharan Africa in **miscellaneous manufactures** totaled a comparatively modest \$6.0 million in 1996, down from \$7.3 million in 1995. U.S. exports continued to be hampered by the region's restrictive trade policies, although Nigeria removed the import ban on furniture. This policy change will likely have little effect on U.S. trade, for South Africa has been the major market for U.S. furniture in the region. U.S. imports continued to be hampered by the lack of a regional manufacturing base outside of South Africa capable of producing export-quality finished goods at competitive prices.

Many sector products are eligible for GSP benefits, but U.S. luggage and handbag manufacturers, concerned over the adverse impact that imports from less-developed countries have already inflicted upon their industry, opposed eliminating the GSP exclusion for these items.

The United States continued to record a sizable trade surplus in **services** trade with Africa, which was \$932 million in 1995, because few countries in the region have indigenous service providers that are active internationally. However, service industries such as tourism, education, telecommunications, health care, and finance are being developed in some Sub-Saharan Africa countries. Some of these countries have adopted policies to enhance efficiency and further integrate their markets into the global economy, but vestiges of trade-restricting policies remain. Numerous projects were supported by U.S. bilateral and multinational funding to upgrade the region's capabilities to provide services, along with encouraging reforms to privatize and liberalize the provision of services. Scheduled commitments of Sub-Saharan African countries under the WTO's General Agreement on Trade in Services (GATS) are modest and are likely to have little impact on U.S. trade in the near future. Longer-term effects may be substantial, given that GATS signatories have committed to participate in negotiations to liberalize international trade and investment.

The report, *U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy*, USITC publication 3067, is available by calling the USITC, Office of the Secretary, (202) 205-1809.

## Does Cutting Trade Barriers Cause More Rapid Economic Growth?

### Introduction

On October 31, 1997, the USITC concluded its study *The Dynamic Effects of Trade Liberalization: An Empirical Analysis*. Conducted at the request of the U.S. Trade Representative, the study examined the relationship between trade liberalization and economic growth. Recent historical experience suggests that countries that participate in international markets enjoy more rapid economic growth. For example, growth rates of per capita income in East Asian economies

have dramatically exceeded those in Latin America and Africa for a period of several decades. A key component of this growth has been strong export performance. In the formerly Communist economies of Eastern Europe and the Soviet Union, those economies adopting market-oriented reforms early—notably Poland, Hungary, and the Czech Republic—have enjoyed a more rapid return to growth. A substantial body of economic theory and empirical analysis suggests not only that trade liberalization can lead to accelerated economic growth, but points to particular mechanisms by which the linkage between liberalization and growth might operate. The *Dynamic Effects* study reviews the literature in this area, and presents econometric analyses by USITC staff that highlight particular aspects of the trade-growth linkage.

Understanding trade's contribution to growth is important because even relatively modest changes in the rate of economic growth can have dramatic consequences for standards of living over a generation or two. Consider two countries with identical per capita income, one which experiences no economic growth and one which enjoys per capita income growth of 2 percent per annum. The growing country will enjoy double the material living standard of the no-growth country within about 36 years. At a growth rate of 3 percent per annum, the growing country will double its living standard in only 24 years. If openness to trade raises economic growth by even a few tenths of a percentage point per year, trade liberalization would have important consequences for both human well-being and for global patterns of economic activity.

At the time of the debates surrounding NAFTA and the Uruguay Round, estimates were made of the potential impact of these agreements on the U.S. and world economies. The consensus was that the positive impact of these agreements was modest, on the order of one-tenth to one-half of a percentage point of GDP. Such estimates were derived from a comparative statics framework, which simulates the data for a single base period with and without a hypothetical change in the environment, e.g. comparing the actual North American economy in 1991 with a simulated North American economy in 1991 with NAFTA in place. Since economic growth by definition takes a period of time to unfold, simulations using the principle of comparative statics ignore the potential impact of trade and its liberalization on economic growth—the so-called dynamic gains of trade liberalization. Newer methods of simulating trade agreements can potentially capture not only the process of economic growth itself but the impact of trade liberalization on growth.

## ***Why Should Freer Trade Lead to Faster Growth?***

It has long been understood that freer trade promotes more efficient economic activity, leading to an increase in average income. The customary arguments for free trade, originating with David Ricardo in the 19th century and since elaborated and refined, run along the following lines. Under free trade, the national economy is exposed fully to international prices. Given competitive markets within the national economy, firms have an incentive to produce the bundle of goods and services which are most valuable at international prices. These goods and services will be selected according to the country's comparative advantage; that is, they will utilize resources which the country is relatively abundant in (capital, skilled or unskilled labor, particular raw materials, and/or certain grades of agricultural land, depending on the country) as well as goods in which the country possesses particular technological knowhow. As a concrete example, the most efficient way for Americans to obtain coffee is not to grow it here (it's too cold anywhere except for Hawaii, where most of the land is devoted to other purposes) but to produce computers and aircraft, which we do efficiently, sell these on the world market, and buy coffee from other countries. When a country produces the most internationally-valuable bundle of goods and services, it can sell these for the greatest real income. This in turn makes it possible to buy the greatest possible value of consumables according to the desires of consumers.

Do the increases in efficiency brought about by trade liberalization lead to more rapid economic growth? The ultimate sources of economic growth are increases in productive inputs, such as the labor supply, physical and human capital, and improvements in technology. (The concept of *human capital* encompasses anything that makes workers more productive, including education, training, health, and on-the-job experience.) From the mid-1950s to the mid-1980s, the dominant explanation of economic growth was the Solow/Swan neoclassical growth theory.<sup>2</sup> While this theory does not assign a specific role for trade liberalization, it does have a role for the type of efficiency improvements that trade liberalization brings about. In the neoclassical theory,

<sup>2</sup> Robert M. Solow, "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics* 70:1, February 1956, pp. 65-94; Trevor W. Swan, "Economic Growth and Capital Accumulation," *Economic Record* 32, November 1956, pp. 334-361.

any given technology leads to a certain long-run level of per capita income. A one-shot improvement in efficiency leads to an increase in this long-run level of per capita income. After a trade liberalization, which improves efficiency, the economy would grow for a while, as new capital investment takes place to take advantage of new opportunities. This growth eventually slows down, as diminishing returns to installing additional capital per worker set in, and the economy approaches its new equilibrium. (The neoclassical explanation for why per capita income is growing most of the time is that improvements in technology and efficiency are taking place most of the time. It is the steady stream of these improvements that causes long-run economic growth.)

Beginning in the mid-1980s, a new wave of theorizing on the causes of economic growth came into the vogue. Known as *endogenous growth theory*, it attempted to trace technological improvements to their underlying causes, rather than simply assume a constant stream of such improvements as in the neoclassical model. Endogenous models variously emphasized such sources of growth as learning-by-doing and human capital accumulation (particularly if the benefits of these spill over to other firms or workers), incentives for firms in imperfectly competitive markets to do innovative R&D, and the possible absence of diminishing returns in the production of capital goods.<sup>3</sup>

Many endogenous growth models give rise to the prediction that the gains in efficiency made possible by trade liberalization may lead to permanent increases in the rate of economic growth. By a variety of assumptions, these models suspend the diminishing returns to capital accumulation which cause the growth effects of liberalization to be eventually exhausted in the neoclassical model. In addition, these models raise

<sup>3</sup> See Paul M. Romer, "Increasing Returns and Long-Run Growth," *Journal of Political Economy* 94:5, October 1986, pp. 1002-1037, for learning-by-doing; Robert E. Lucas, "On the Mechanics of Economic Development," *Journal of Monetary Economics* 22:1, July 1988, pp. 3-42, for human capital spillovers; and Paul S. Segerstrom, T.C.A. Anant, and Elias Dinopolous, "A Schumpeterian Model of the Product Life Cycle," *American Economic Review* 80, 1990, pp. 1077-1092, for incentives for R&D; and Larry E. Jones and Rodolfo Manuelli, "A Convex Model of Equilibrium Growth: Theory and Policy Implications," *Journal of Political Economy* 98:5, June 1990, pp. 1008-37, for constant returns to scale in the investment-goods industry.

the possibility of additional mechanisms by which trade may enhance growth. For example, if firms can sell to an expanded world market, they may have incentives to do more R&D, leading to faster technical change.

By the same token, however, endogenous growth models toss up some theoretical scenarios in which liberalized trade might lead to slower growth. For example, a country with a comparative advantage in low-technology goods may see its high-tech sector contract under free trade; thus, the national rate of R&D would fall. If the country's rate of technological change depends to some extent on its own R&D, then the liberalizing country would experience slower growth. A similar argument holds for human capital. That is, a liberalizing country may find itself exporting goods which use unskilled labor intensively and importing goods which use skilled labor intensively. This reduces the return to education, so fewer individuals become educated, and long-run growth slows down. For developed countries, a theoretical argument, yet to be empirically supported, leading from freer trade to slower growth can be made if R&D is financed out of the profits of oligopolistic industries which must compete against imports. Freer trade would thus lead to lower profits, less R&D, slower technological progress and thus slower growth.

Regardless of the particular variety of economic theory employed, trade liberalization is likely to lead to faster growth for a long enough period of time to be of interest to policymakers. The temporary effects of trade liberalization on economic growth, predicted by neoclassical growth theory, may still persist for several decades, by which time a new technological advance or liberalization would likely emerge to continue the growth process.

## ***But What Does the Evidence Show?***

Ultimately, the question of whether more open economies really do grow faster is a matter for empirical testing. A wide variety of techniques has been used in an attempt to demonstrate that increases in exports, increases in trade, or liberalized trade policies lead to faster rates of economic growth. In-depth comparative country studies, popularized in the 1970s,<sup>4</sup> suggested that developing countries with

<sup>4</sup> Ian Little, Tibor Scitovsky and Maurice Scott, *Industry and Trade in Some Developing Countries*, London and New York: Oxford University Press for OECD, 1970; Bela Balassa, *The Structure of Protection in*

policies which were relatively open toward international trade enjoyed better economic performance than countries with relatively closed policies.

In the most recent literature, statistical models seek to explain the difference in national growth rates over an extended period of time (say, twenty to thirty years). The strategy is generally to estimate growth rates as a function of other variables which have been shown to be correlated with growth. These variables include the ratio of investment to GDP, measures of human capital (such as the secondary school enrollment rate) and the initial year's per capita GDP (to capture the idea of *convergence*, that is, holding equal investment and education, poorer countries grow more rapidly than rich ones.) Measures of openness are then added to this framework in an effort to establish a link between trade policy and growth. The results are mixed; some studies find that more open economies grow faster, others do not.<sup>5</sup>

One difficulty is that there are a variety of measures of openness. These are based variously on ratios of trade to GDP, measures of tariffs and NTBs, measures of exchange rate distortion, subjective assessments of policies, survey data, and econometric measures of the difference between actual trade and statistically expected trade. These measures do not consistently agree with each other, with countries scored as "open" by one criterion appearing to be "closed" by other criteria. This suggests that there may be several types of openness and/or fragility in the available data. For example, such countries as Thailand, the Philippines and Kenya have relatively high shares of trade in GDP (which suggests that they are open) but relatively high tariffs (which suggests that they are closed). The United States and Japan are countries with relatively low tariffs and relatively low shares of trade in GDP. Part of this is explained by the fact that bigger economies are likely to be more self-sufficient regardless of trade policies. Attempts to

### <sup>4</sup>—Continued

*Developing Countries*, Baltimore: Johns Hopkins University Press, 1970; Jagdish Bhagwati, *Anatomy and Consequences of Exchange Control Regimes*, Cambridge, MA: Ballinger Publishing Co. for NBER, 1978; Anne O. Krueger, *Foreign Trade Regimes and Economic Development: Liberalization Attempts and Consequences*, 1978, Cambridge, MA: Ballinger Publishing Co. for NBER.

<sup>5</sup> See Ross Levine and David Renelt, "A Sensitivity Analysis of Cross-Country Growth Regressions," *American Economic Review* 82:4, September 1992, pp. 942-963, and Jan Fagerberg, "Technology and International Differences in Growth Rates," *Journal of Economic Literature* 102:3, September 1994, pp. 1147-1175.



statistically adjust the trade/GDP ratio for measures of country size or per capita income are at least correlated with tariffs, but still leave a good deal to be desired.<sup>6</sup>

If one focuses on major shifts in a country's policy toward international trade, it becomes easier to identify a positive correlation between openness and growth. In one widely cited study, countries are classified simply as "open" or "closed" using major turning points in policy. "Open" countries are estimated to enjoy annual growth in per capita GDP of 2.2 to 2.5 percent per year greater than "closed" economies.<sup>7</sup>

### ***Indirect Effects of Trade Liberalization on Economic Growth***

One possibility is that more open trade may induce more rapid economic growth indirectly. This would be the case if liberalization stimulates something else that is clearly known to stimulate economic growth. That is, trade liberalization might either lead to the accelerated accumulation of productive resources or accelerate the rate of technological change. For example, there is particularly strong evidence that open economies experience higher rates of investment as a share of GDP. Since the investment rate is an important determinant of economic growth, this is an example of an indirect channel.

The Commission's investigation sought to determine whether the linkage between trade openness and investment operated primarily through FDI, primarily through domestic savings, or through both channels. This required empirically modeling savings as an effect of openness and other determinants. It turns out that higher-income countries save more, as do more rapidly-growing countries. In rapidly-growing countries, the savings rate tends to be lower if a high proportion of the population consists of children, since a large number of dependents increases consumption. A high share of trade in the national economy is associated with a higher savings rate, particularly for more rapidly-growing economies. However, as indicated above, a high trade share is not a particularly good indicator of an open trade policy. For major episodes of liberalization captured by the

Sachs-Warner index, there appears to be no particular relationship between liberalization and savings. Thus, the study's econometric analysis provided mixed results with respect to a link between openness and domestic savings.

Trade and FDI are linked in a number of ways. FDI may either substitute for trade (in the case firms which invest in production facilities in a particular market in order to avoid a tariff at the border) or be complementary to trade (in the case of intrafirm trade of components and semifinished goods). Because of this, different researchers have obtained different results on the relationship between trade barriers and FDI, although lower barriers to FDI itself are associated with higher FDI. There is evidence that the growth effects of FDI may be stronger than those for domestically financed investment, which is consistent with the observation that foreign multinationals often possess technological advantages over host-country firms. In the USITC's analysis of patterns of U.S. direct investment abroad, it was found that countries with more open trade policies tend to attract FDI, after controlling for such determinants as country size and geographical proximity to the United States. If liberal trade policies attract FDI, and if an increase in FDI provides a greater stimulus to growth than an increase in domestically financed investment, it seems likely that the impact of liberalization on growth through the investment channel operates primarily through FDI rather than domestic savings.

The rate of technological change, measured as productivity improvement, is an important determinant of the rate of economic growth. Various researchers, working with both industry-level and micro-level data, have looked for evidence that increases in either importing or exporting may enhance productivity. For example, increased exposure to imports may enhance productivity by forcing less efficient firms to adopt new efficiencies, reduce their scale of operations, or exit the market. Such productivity effects have been found in some studies but not others. On the export side, some researchers have suggested that exporters in developing countries benefit technologically from contact with more advanced customers, while others have argued that such effects are not widespread.

In the *Dynamic Effects* study, the ITC analyzed the relationship between technological progress in manufacturing and trade liberalization for a sample of thirteen countries in the OECD, dividing manufacturing into eighteen sectors. It found evidence of cross-country convergence in industrial productivity in the OECD; within a given sector, low-productivity countries experience more rapid productivity growth than countries leading in productivity. A stronger

<sup>6</sup> Lant Pritchett, "Measuring Outward Orientation in LDCs: Can It Be Done?", *Journal of Development Economics* 49:2, May 1996, pp. 307-335.

<sup>7</sup> Jeffrey D. Sachs and Andrew Warner, "Economic Reform and the Process of Global Integration," *Brookings Papers on Economic Activity* 1995:1, pp. 1-118.

research effort is also associated with greater productivity gains. High-tariff sectors tend to have low productivity growth, while low-tariff sectors tend to have high productivity growth. After accounting for other determinants of productivity growth, the negative association between tariffs and productivity is broadly confirmed, but is statistically significant only for some measures of productivity. A positive association between export performance and productivity growth appears to be somewhat stronger. There is no observable relationship in the data analyzed between import penetration and productivity growth.

While these results are suggestive, it is important to remember that productivity and trade performance are simultaneously determined. Those countries which are more productive in given industries would be more likely to experience strong export performance and to resist import competition. This effect would contribute to the finding of a positive correlation between exports and productivity even if exporting *per se* did not make firms more productive, and would tend to obscure any positive influence of import competition on productivity.

Economic growth can be stimulated by increases in labor input as well. These can come either through increases in labor force participation or by improvements in human capital. To date, there has been little empirical research on effects of trade on either the incentives to accumulate human capital (e.g. through schooling or on-the-job experience) or on the labor force participation rate. The experience of the East Asian Tigers (Hong Kong, Korea, Singapore, and Taiwan), which experienced rapid increases in labor force participation and schooling, unusually high rates of economic growth, and were relatively open compared to other developing countries, is suggestive of possible linkages. In the *Dynamic Effects* study, new econometric evidence suggests that more open economies have a higher female proportion of the labor force, implying a higher labor force participation rate overall. The statistical robustness of this finding, as well as its appropriate interpretation, is a potential area for future research.

## ***Income Growth and Trade Growth***

International trade has grown more rapidly than world output in the postwar period. This may be in part due to the composition of traded goods, if these goods consist disproportionately of goods whose relative importance in consumer budgets grows as real incomes rise. If economic growth leads to disproportionate

increases in the demand for traded goods, and if trade in turn stimulates growth, there is a mutually reinforcing feedback between trade and growth, implying that the impact of trade liberalization on economic growth may exceed that which one would infer based only on considering investment, technology, and other supply-side channels through which liberalization might stimulate growth.

The *Dynamic Effects* study examines the demand-side basis of the strong trade growth in recent decades by generating estimates of the income elasticity of demand for traded goods on a worldwide, countrywide, and sectoral level. Most countries were found to have imports that grow more than proportionately with respect to income. As a "best estimate," controlling for relative prices, every one percent increase in real global incomes has induced approximately a 1.8 percent increase in global trade.

A calculation was performed of the gross income elasticity (uncorrected for relative price changes) of various categories of global trade during recent years. Also, a methodology for formal estimation of the sensitivity of export demand for a specific commodity (U.S. machinery and equipment) with respect to rest-of-world income was demonstrated. Taken together, these estimates show that transportation equipment, machinery and equipment in general (particularly electronic equipment), and apparel have accounted for a sizable share of the most rapidly-growing international trade. An analysis of global consumption patterns across countries with different levels of income identifies a group of commodities including transport equipment, machinery (which includes electronic equipment), and apparel as having a larger share of consumption in high-income than low-income countries.

Thus, an important source of the recent rapid growth in international trade is that growth in consumption demand for particular commodities has also increased disproportionately. The concentration of many of these commodities in "high-tech" sectors which weigh heavily in U.S. exports suggests that U.S. exporters are particularly well poised to benefit from strong economic growth at the global level.

## ***Conclusion***

The benefits of trade liberalization are greater than generally appreciated. Moves toward freer trade mean not only the one-time benefit of lower prices for consumers and greater market opportunities for exporters; they induce, through direct and indirect channels, more rapid economic growth over the long run. On the supply side, more open economies enjoy



higher rates of investment. They may also experience improvements in productivity and a fuller utilization of the potential of the domestic labor force. The positive impact of trade on growth is reinforced by the feedback effects of growth on demand for traded goods, which are some of the most dynamic sectors of the world economy. These are some of the messages of the ITC's recent *Dynamic Effects* study. Copies of the report, USITC Publication 3069, may be obtained by calling (202) 205-1809.

## 1995 Termination of GATT Antidumping and Subsidies Codes

### Introduction

Although the World Trade Organization (WTO) superseded the General Agreement on Tariffs and Trade (GATT) organizationally, the rules underlying both co-existed for a one-year transition period during 1995. However, the dispute-settlement mechanisms for the GATT Antidumping and Subsidies Codes were maintained for a two-year transition period, 1995 and 1996, due to the technical complexity of such cases and the longer time they can take to resolve compared to other disputes under the General Agreement.<sup>8</sup> The tables, in appendix A, list the final notifications under these two GATT agreements.

### Creation of the WTO

On January 1, 1995, the WTO came into existence with the entry into force of the Agreement Establishing the World Trade Organization (WTO Agreement). Designed to operate in much the same manner as the GATT institutional arrangements, which it replaced, the WTO is a permanent forum for member governments to address their multilateral trade relations as well as to facilitate the implementation of the trade agreements negotiated during the Uruguay Round. Because the Uruguay Round Agreements cover a broader range of subject matter, including for the first time services and intellectual property rights as well as improved dispute-resolution procedures, the new WTO organization will oversee a wider variety of agreements

<sup>8</sup> GATT, "The WTO enters into force," *Focus*, No. 113, final issue, Dec. 1994, p. 1, 4.

<sup>9</sup> For further detail, see USITC, *The Year in Trade - 1995 - Operation of the Trade Agreements Program*, 47th report, publication No. 2971, Aug. 1996, p.13.

and appears initially to be playing a larger role in facilitating dispute settlement than its predecessor organization.<sup>9</sup>

### One Year Overlap with the GATT

While the institutional arrangements known as the GATT were replaced by the WTO, the agreement known as the GATT continues to exist. The agreement that was administered by the GATT Secretariat was redesignated as

"GATT 1947" to distinguish it from the agreement now administered by the WTO Secretariat, "GATT 1994," incorporated into the WTO Agreement. Although GATT 1947 and GATT 1994 are "legally distinct" agreements, the texts of the two agreements are largely the same with only minor revisions for the most part made to the GATT 1947 text intended to clarify the set of multilateral rules on trade in goods and now reflected in GATT 1994.

During 1995, the operation of the GATT Secretariat and GATT 1947 coexisted for one year with the WTO Secretariat and GATT 1994. During 1995, GATT 1947 rules continued to apply to dispute-settlement issues with respect to consultations that had been requested prior to January 1, 1995, as well as to dispute-panel reports not adopted as of that date. The GATT 1947 was terminated one year after the date of entry into force of the WTO Agreement and, therefore, all obligations under GATT 1947 ceased to exist after December 31, 1995.

### Two Year Overlap with the GATT Antidumping and Subsidies Codes

The Implementation Conference for the World Trade Organization adopted on December 8, 1994 a decision that included a one-year period of co-existence between the Tokyo Round Agreements on Anti-Dumping Practices and on Subsidies and Countervailing Measures (commonly called the GATT Antidumping and Subsidies Codes, respectively) and their WTO counterparts.<sup>10</sup> Thus, the GATT Antidumping and Subsidies Codes were also

<sup>10</sup> Preparatory Committee for the World Trade Organization, Transitional Co-Existence of the GATT 1947 and the WTO Agreement," Decision of 8 December 1994. The formal titles of these two GATT agreements are the Agreement on Implementation of Article VI (GATT Antidumping Code) and Agreement on Interpretation and Application of Articles VI, XVI and XXIII (GATT Subsidies Code) .

terminated at the end of 1995. These two agreements were “plurilateral” in nature, meaning that they were binding only on those signatories that accepted their additional rights and obligations, as was the case for several other agreements negotiated during the Tokyo Round which came to be known as the Tokyo Round “codes.”<sup>11</sup> In contrast, the Uruguay Round Agreements now administered by the WTO are “multilateral,” meaning that they are binding on all WTO Members. Thus, a major distinction between the GATT codes and their counterpart WTO agreements on antidumping and subsidies is the application of these plurilateral GATT codes to a limited number of signatories—largely the top 25 traders in the world economy—and the comprehensive application of the multilateral WTO agreements to all WTO Members—currently 132 in November 1997.

At the same time, however, the Implementation Conference invited the Committees of these two Tokyo Round Agreements to maintain their dispute-settlement mechanisms for a transition period of two years. This longer period takes into account the fact that anti-dumping and countervail cases are usually more technically complicated and take a longer time to resolve than disputes arising under the General Agreement.<sup>12</sup>

## ***GATT Notification Tables***

Data listing the notifications of signatories to the two GATT committees governing these two plurilateral agreements has been published regularly in appendix tables to the USITC’s *The Year in Trade*. However, due both to typical reporting lags as well as extraordinary delays associated with the creation of the WTO, these

<sup>11</sup> The original nine Tokyo Round agreements covered subjects addressing antidumping, subsidies, customs valuation, import licensing, product standards, civil aircraft, government procurement, bovine meat, and dairy products. These agreements were known as “codes” because they were “plurilateral” agreements, meaning that they were binding only on those signatories that agreed to each code’s particular set of rights and obligations. Under the WTO Agreement, five of these codes became “multilateral” agreements—that is, binding on all WTO Members—covering antidumping, subsidies, customs valuation, import licensing, and product standards. The four remaining codes cover civil aircraft, government procurement, bovine meat, and dairy products, although signatories to the latter two codes agreed in Sep. 1997 to terminate these agreements after the end of 1997.

<sup>12</sup> GATT, “The WTO enters into force,” *Focus*, No. 113, final issue, Dec. 1994, pp. 1, 4.

notifications were unavailable prior to publication of the 1996 *Year in Trade* report. The final tables for these notifications are therefore being reported here in the USITC’s *International Economic Review* as a concluding note to these two agreements. The following information is based on notifications to the GATT Antidumping and Subsidies Committees available as of October 1997.

Although both GATT and WTO Antidumping and Subsidies Committees existed during 1995 and 1996, dual notifications were avoided by considering the notification to a WTO body of a measure subject to such an obligation to also be deemed a notification of that measure under GATT 1947 or the Tokyo Round Agreement.<sup>13</sup> However, only the signatories to the plurilateral GATT Antidumping and Subsidies Codes are reported in the following tables. Notifications regarding the WTO Antidumping and Subsidies Agreements are available to the public through the WTO internet website.

## ***WTO Notifications Available Online***

In July 1996, the WTO General Council adopted a decision on “Procedures for the Circulation and Derestriction of WTO Documents” (WT/L/160/Rev.1 of July 26, 1996). This General Council Decision on derestriction permits the release of a wide variety of WTO documents to the public (with certain exceptions), generally 6 months following submission, which can be accessed through the WTO internet website—<http://www.wto.org>

Notifications to the WTO Antidumping and Subsidies Committees are available through the database dissemination facility found at this internet address.

## ***GATT Code Signatories***

At the Fiftieth Session of the Contracting Parties, December 8-9, 1994—the last ministerial meeting of the GATT Contracting Parties before the establishment of the WTO—there were 25 members to the GATT Antidumping Code,<sup>1</sup> and 26 signatories to the GATT Subsidies Code, as follows—

<sup>13</sup> Preparatory Committee for the World Trade Organization, “Avoidance of Procedural and Institutional Duplication,” Decision of 8 December 1994.

<sup>14</sup> At the time when the parties to these agreements met to draw up their respective reports for the GATT ministerial session in December 1994, ratification was still pending for Poland’s membership in the Subsidies Code and the Antidumping Code had recently entered into force for Argentina in April 1994.

GATT Antidumping Code <sup>1</sup>	GATT Antidumping Code <sup>2</sup>
Argentina	Argentina
Australia	Australia
Austria	Austria
Brazil	Brazil
Canada	Canada
Czech Republic	Chile
EC	Colombia
Egypt	Egypt
Finland	EC
Hong Kong	Finland
Hungary	Hong Kong
India	India
Japan	Indonesia
Korea	Israel
Mexico	Japan
New Zealand	Korea
Norway	New Zealand
GATT Antidumping Code <sup>1</sup>	GATT Antidumping Code <sup>2</sup>
Pakistan	Norway
Poland	Pakistan
Romania	Philippines
Singapore	Poland
Slovak Republic	Sweden
Sweden	Switzerland
Switzerland	Turkey
United States	United States
	Uruguay

<sup>1</sup> GATT, "Report (1994) of the Committee on Anti-dumping Practices," L/7553, Nov. 9 1994.

<sup>2</sup> GATT, "Report (1994) of the Committee on Anti-dumping Practices," L/7553, Nov. 9 1994.

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# INTERNATIONAL ECONOMIC COMPARISONS

## Summary of U.S. Economic Conditions

The U.S. economy continued its noninflationary growth in the third quarter driven by a surge in consumer and investment spending and exports.

Real output grew by 3.3 percent at an annual rate in the third quarter. A surge in consumption and investment spending and rising exports accounted for GDP growth in the third quarter. Real consumption spending increased by 5.8 percent compared with a much smaller increase of 0.9 percent in the second. Purchases of durable goods accounted for most of the increase in consumer spending. Durable goods purchases increased a seasonally adjusted 18.2 percent in the third quarter following a decline of 5.4 percent in the second quarter.

Real nonresidential fixed investment increased by 18.1 percent in the third quarter followed an increase of 14.6 percent in the second quarter. Producers' spending on durable equipment accounted for most of the increase in investment spending. Spending on producers' durable equipment increased a hefty 24.1 percent, augmenting an increase of 23.0 percent in the second quarter.

Real exports of goods and services increased by 4.3 percent to \$972.7 billion following a much larger increase of 18.4 percent in the second quarter. Real imports of goods and services increased by 14.0 percent to \$1135.7 billion, lower than the 20.5 percent increase of the second quarter. The trade deficit was \$162.9 billion in the third quarter compared with \$136.6 billion in the second.

The real change in business inventories subtracted 1.5 percentage points from the third quarter change in real GDP. Businesses increased inventories by \$49.5 billion in the third quarter following an increase of \$77.6 billion in the second quarter and \$63.7 billion in the first.

Despite the surge in consumer and investment spending, inflation as measured by the price index for gross domestic purchases, which measures prices paid

by U.S. residents, increased by an increase of 0.8 percent in the second.

All indicators signal that strong growth in real output will continue throughout this year. Despite recent volatility in financial markets, long term interest rates are lower than they have been in a decade, the stock market still is at an all-time high, and credit remains readily available to borrowers.

In addition, gains in competitiveness in labor and product markets and more rapid, technology-driven gains in efficiency have supported brisk economic growth and low inflation. Gains in efficiency may have caused upward shifts in long-range output potential to the extent that any extra growth in aggregate demand can be accommodated by a rapid expansion in aggregate supply without forcing the general price level to rise.

## Productivity and costs

The Bureau of Labor Statistics (BLS) reported that U.S. productivity, as measured by output per hour of all persons, for the third quarter increased at seasonally adjusted annual rates of:

- 4.4 percent in the business sector, and
- 4.5 percent in the nonfarm business sector

In both sectors, productivity gains were the largest since the fourth quarter of 1992. In manufacturing, productivity increases in the third quarter were:

- 9.8 percent in manufacturing,
- 13.3 percent in durable goods manufacturing, and
- 5.7 percent in nondurable goods manufacturing.

The rise in manufacturing productivity was the largest since the second quarter of 1982. Productivity in manufacturing durables rose a hefty 13.3 percent, output increased at a rate of 12.5 percent and unit labor costs declined by 9.4 percent indicating the nonexistence of any wage-related inflationary pressures. Output and hours in manufacturing, which include 18 percent of U.S. business sector

employment, tend to vary more from quarter to quarter than data from the aggregate business and nonfarm business series, and these measures are not directly comparable. Third quarter measures are summarized in

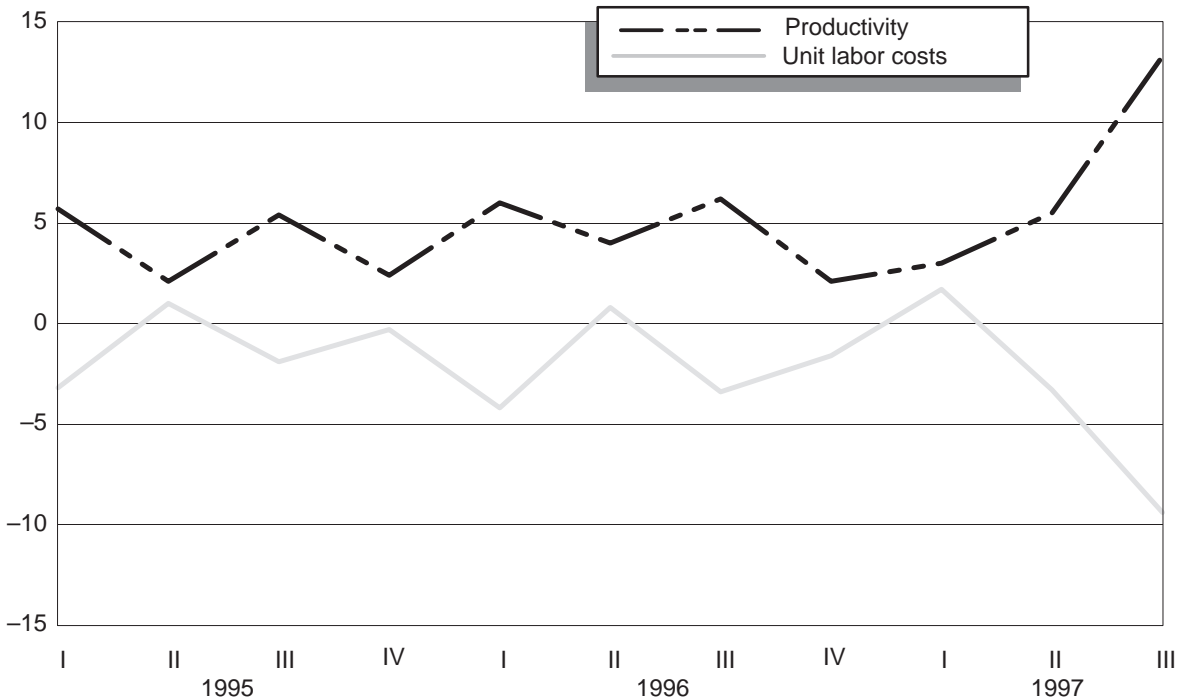
table 1. Figure 1 depicts changes in productivity and unit labor costs in the durable manufacturing sector from 1995 to 1997.

**Table 1**  
**Productivity and costs: Preliminary third-quarter 1997 measures, seasonally adjusted annual rates**

Sector	Productivity	Output	Hours	Hourly compensation	Real hourly compensation	Unit labor costs
Business .....	4.4	4.2	-0.2	4.6	2.5	0.2
Nonfarm business .....	4.5	4.3	-0.1	4.2	2.1	-0.3
Manufacturing .....	9.8	7.9	-1.7	3.6	1.5	-5.7
Durable .....	13.3	12.5	-0.7	2.6	0.6	-9.4
Nondurable .....	5.7	2.5	-3.1	5.0	2.9	-2.7
	<i>Percent change from same quarter a year ago</i>					
Business .....	2.6	4.8	2.2	3.9	1.6	1.2
Nonfarm business .....	2.5	4.8	2.3	3.8	1.6	1.3
Manufacturing .....	4.7	5.4	0.7	3.1	0.9	-1.5
Durable .....	5.9	7.7	1.7	2.5	0.3	-3.2
Nondurable .....	3.4	2.6	-0.8	4.0	1.8	0.6

Source: U.S. Bureau of Labor Statistics.

**Figure 1**  
**Percent change from previous quarter in U.S. labor productivity and unit labor costs in durable manufacturing, 1995-97**



Source: U.S. Bureau of Labor Statistics



## World Economic Outlook

Solid economic growth in the United States and other countries will support and enhance future world wide growth, according to the International Monetary Fund's (IMF's) October 1997 *World Economic Outlook*, a biannual survey of world economic developments. The IMF projected that world output will expand by around 4.25 percent in both 1997 and 1998, the strongest pace in a decade. Table 2 shows major economic indicators for selected major economies.

In the report, which was prepared prior to the recent worsening of Asia's financial picture, the IMF said it expects robust growth trends in most of the developing world, particularly in China and much of the rest of Asia, even though it noted that some countries are likely to experience setbacks associated with recent disturbances in financial markets in Southeast Asia. In Russia and in other transition economies as a group, economic growth seems to be gathering momentum.

Moreover, the IMF noted that the U.S. economy, already in the seventh year of expansion, has enjoyed a solid growth of output, a rise in employment with low inflation and a diminishing fiscal imbalance. These accomplishments were achieved by prudent macroeconomic policies, a dynamic private sector and a flexible labor market.

In Europe, the IMF noted that economic growth remained sluggish and unemployment high due to the weakness of domestic demand, which has expanded by less than 1 percent a year over the past five years. A major factor in the slowdown, the IMF noted, has been a substantial reduction in fiscal deficits which had reached unsustainable levels in many European economies. Fiscal spending cuts have weakened aggregate demand despite offsetting effects from lower interest rates and exchange rates. Labor market rigidities have exacerbated the weakness of economic activity, the IMF said, while labor-shedding in response to high labor costs has increased job insecurity and undermined consumer confidence. The excessin reductions in fiscal spending may have discouraged both investment and consumption. Recurrent uncertainties about the feasibility of the timetable for EMU have probably added to continuing hesitation in business investment, the IMF added.

In Canada, the IMF noted that economic recovery has gained momentum since mid-1996, spurred by strengthened confidence, marked declines in both short-term and long-term interest rates, and improved external competitiveness following the depreciation of the Canadian dollar during the early 1990s. The fall in

interest rates provided a strong stimulus to business and residential investment. Unemployment has fallen from around 10 percent in late 1996 to 9 percent in July 1997.

In Japan, the recovery strengthened in late 1996 and early 1997 due to a pickup in domestic demand, according to the IMF. Net exports began to recover due to the depreciation of the yen. However, economic activity fell sharply in the second quarter following the increase in the consumption tax on April 1. Although the IMF expects a rebound in output in the second half of the year, growth for 1997 as a whole is estimated at 1.0 to 1.1 percent, substantially lower than in previous years. Should growth fail to pick up in the second half of 1997 the IMF suggests that some fiscal measures will be needed to help stimulate the recovery. The IMF expects Japanese economic growth to accelerate in 1998, although repercussions of the recent financial crises in Southeast Asia could constitute a continued downside risk. As the recovery proceeds, the yen can be expected to strengthen; and this, hopefully, could help shrink the external surplus.

## U.S. Economic Performance Relative to other Group of Seven (G-7) Members

### *Economic growth*

U.S. real GDP—the output of goods and services produced in the United States measured in 1992 prices—grew at a revised annual rate of 3.3 percent in the third quarter following a similar rate of increase in the second quarter of 1997.

The annualized rate of real GDP growth in the third quarter of 1997 was 4.0 percent in the United Kingdom. The annualized rates of real GDP growth in the second quarter were 4.9 percent in Canada, 4.1 percent in France, 4.1 percent in Germany, 6.7 in Italy, and -11.2 percent in Japan. Japan's GDP fell in the second quarter of 1997, by 2.9 percent from the first quarter or at an annualized rate of 11.2 percent due to a sharp decrease in consumer spending after doubling of sales tax in April.

### *Industrial production*

The Federal Reserve Board reported that U.S. industrial production (IP) increased by 0.5 percent in October 1997 following a revised similar increase in September. The October output was boosted by solid gains in the production of consumer goods, business



**Table 2**  
**Economic indicators of selected countries, 1996-98**

Country	Real GDP growth		Consumer price increases		Unemployment rate		Current account balances <sup>1</sup>	
	1996	1997	1996	1997	1996	1997	1996	1997
United States	2.8	3.7	2.9	2.4	5.4	5.1	-1.9	-2.2
Canada	1.5	3.7	1.7	1.5	9.7	9.2	0.5	-1.1
Japan	3.5	1.1	0.1	1.6	3.3	3.4	1.4	2.3
Germany	1.4	2.3	1.5	1.9	10.3	11.3	-0.6	-0.5
France	1.5	2.2	2.0	1.1	12.4	12.6	1.3	1.9
Italy	0.7	1.2	2.1	1.8	12.1	12.2	3.4	3.2
United Kingdom	2.3	3.3	2.9	2.6	7.5	5.8	-0.1	-0.3
EU (15)	1.7	2.5	2.5	1.9	11.4	11.1	1.0	1.4
Mexico	5.1	4.5	34.4	20.4	-	-	-0.6	-1.5
Korea	7.1	6.0	4.9	4.2	2.0	2.5	-4.9	-3.5
Taiwan	5.7	6.2	3.1	2.8	2.5	2.5	3.8	3.4
Hong Kong	4.9	5.3	6.0	7.1	2.8	2.6	-0.7	-1.0
Singapore	7.0	6.0	1.4	2.2	3.0	3.0	15.0	15.0
China	9.7	9.5	6.1	4.5	-	-	0.5	0.3

<sup>1</sup> Percent of GDP.

Source: International Monetary Fund, *World Economic Outlook*, October 1997.  
Note.—1997 and 1998 are projections.

equipment, and durable materials. Total output in October 1997 was 5.6 percent higher than in October 1996. Manufacturing output increased by 0.6 percent with substantial gains in the output of durables and nondurables. Manufacturing output in October 1997 was 5.9 percent higher than in October 1996. Total industrial capacity utilization increased by 0.1 percentage point to 84.3 percent in October 97 and was 3.9 percent higher than in October 96.

For other Group of Seven (G-7) member countries the latest annual rates of increase in industrial production were: France reported a 3.6 percent increase (August), Germany reported a 0.3 percent decrease (September), Italy reported no change (August), Japan reported a 3.4 percent increase (September), the United Kingdom reported a 1.6 percent increase (September) and Canada reported a 4.7 percent increase (August).

## *Prices*

The seasonally adjusted U.S. Consumer Price Index (CPI) rose 0.2 percent in October 1997 following a similar increase in September. For the 12-month period ended in October 1997, the CPI increased by 2.1 percent.

For other G-7 countries the latest annual price increases were 3.7 percent in the United Kingdom (October), 1.6 percent in Italy (October), 1.6 percent in Canada (September), 1.0 percent in France (October), 1.8 percent in Germany (October) and 2.4 percent in Japan (September).

## *Employment*

The Bureau of Labor Statistics reported that the unemployment rate declined to 4.7 percent in October 1997 from 4.9 percent in September 1997.

Among the major demographic groups, the jobless rate for black workers was 9.5 percent, for adult women (4.0 percent), adult men (4.1 percent), teenagers (15.3 percent), whites (4.1 percent), and Hispanics (8.0 percent).

In other G-7 countries, their latest unemployment rates were as follows: Germany reported 11.8 percent (October), Canada reported 9.0 percent (September), France reported 12.5 percent (September), Italy reported 12.8 percent (July), Japan reported 3.4 percent (September) and the United Kingdom reported 5.2 percent (October).

## **Forecasts**

Six major forecasters expect real annual growth in the United States to average around 2.9 percent in the fourth quarter of 1997, then moderating to an average of 2.6 percent in the first quarter of 1998. Table 3 shows macroeconomic projections for the U.S. economy from Oct. 1997 to September 1998, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are quarterly averages.

The average of the forecasts points to an unemployment rate ranging around 4.9 percent in the remainder of 1997. Inflation (as measured by the GDP deflator) is expected to remain subdued at an average rate of 2.0 percent in the fourth quarter then rising to 2.5 percent in the first quarter of 1998.

**Table 3**  
**Projected changes in U.S. economic indicators, by quarters, Oct. 97-Sep. 98**  
 (Percentage)

Period	Confer- ence Board	E.I. Dupont	UCLA Business Forecasting Project	Merrill Lynch Capital Markets	Data Resources Inc. (D.R.I.)	Wharton WEFA Group	Mean of 6 fore- casts
<b>GDP current dollars</b>							
1997:							
Oct.-Dec. ....	6.5	5.4	5.5	3.8	4.9	5.0	5.2
1998:							
Jan.-March. ....	7.0	5.0	5.8	4.4	4.0	4.6	5.1
Apr.-June ....	5.4	4.9	5.2	4.6	3.6	4.1	4.6
July-Sep. ....	5.7	4.8	5.3	4.6	3.2	4.5	4.7
Annual average .....	6.2	5.0	5.5	4.4	3.9	4.6	4.9
<b>GDP constant (chained 1992) dollars</b>							
1997:							
Oct.-Dec. ....	2.5	3.3	3.5	2.1	2.7	3.2	2.9
1998:							
Jan.-March ....	4.3	2.5	3.1	2.4	1.9	2.1	2.7
Apr.-June ....	2.0	2.4	2.4	2.7	1.8	1.8	2.2
July-Sep. ....	2.0	2.3	2.3	2.8	1.3	1.9	2.1
Annual average .....	2.7	2.6	2.8	2.5	1.9	2.3	2.5
<b>GDP deflator index</b>							
1997:							
Oct.-Dec. ....	4.0	2.1	2.0	1.7	2.0	1.7	2.3
1998:							
Jan.-March ....	2.5	2.5	2.7	1.8	2.1	2.6	2.4
Apr.-June ....	2.8	2.5	2.8	1.8	1.8	2.3	2.3
July-Sep. ....	2.5	2.5	3.0	1.8	1.8	2.5	2.4
Annual average .....	3.0	2.4	2.6	1.8	1.9	2.3	2.3
<b>Unemployment, average rate</b>							
1997:							
Oct.-Dec. ....	4.7	4.9	4.8	4.9	4.8	4.7	4.8
1998:							
Jan.-March ....	4.5	4.9	4.9	4.9	4.7	4.6	4.8
Apr.-June ....	4.5	4.9	4.9	4.9	4.8	4.5	4.8
July-Sep. ....	4.5	5.2	5.0	4.9	4.8	4.6	4.8
Annual average .....	4.6	5.0	4.9	4.9	4.8	4.6	4.8

Source: Compiled from data of the Conference Board. Used with permission.

Note.—Except for the unemployment rate, percentage changes in the forecast represent annualized rates of change from preceding period. Quarterly data are seasonally adjusted. Forecast date, Dec. 97.

## U.S. TRADE DEVELOPMENTS

The U.S. Department of Commerce reported that seasonally adjusted exports of goods and services of \$78.0 billion and imports of \$89.1 billion in September 1997 resulted in a goods and services trade deficit of \$11.1 billion (\$1.6 billion more than the \$9.5 billion deficit of August 1997). The September 1997 deficit on goods and services was \$0.2 billion higher than the deficit registered in September 1996 (\$10.9 billion) and approximately \$1.7 billion more than the average monthly deficit registered during the previous 12 months (approximately \$9.4 billion).

The September 1997 trade deficit on goods was \$18.1 billion, approximately \$1.6 billion more than the August 1997 deficit (\$16.5 billion). The September 1997 services surplus was \$7.1 billion, virtually equal to the August services surplus.

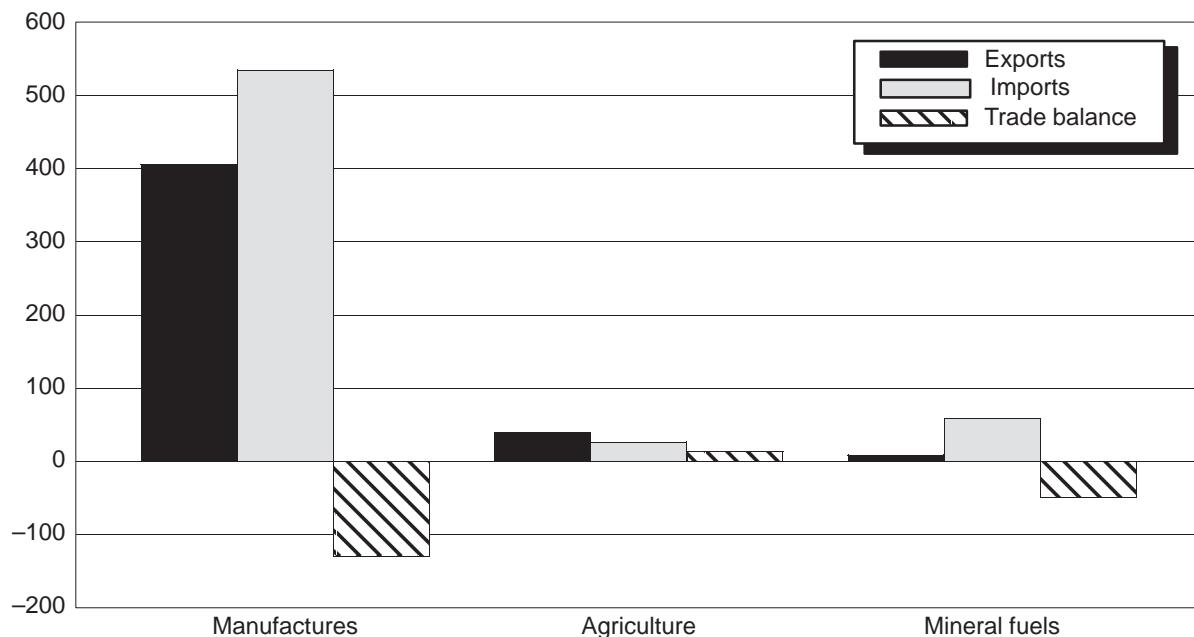
Exports of goods decreased in September 1997 to \$56.5 billion from \$57.3 billion but imports of goods increased to \$74.7 billion from \$73.9 billion. Most of August-September decrease in exports occurred in automotive vehicles, parts, and engines of passenger

cars, industrial supplies and materials, and capital goods. The import increases reflected increases in imports of consumer goods, apparel products, gems, diamonds and artwork, and industrial supplies.

In the period January-September 1997, U.S. exports of goods and services increased to a record \$692.7 billion from \$629.3 billion in January-September 1996. However, in the same period total imports increased to \$779.2 billion from \$714.2 billion. The deficit on goods and services was \$86.5 billion.

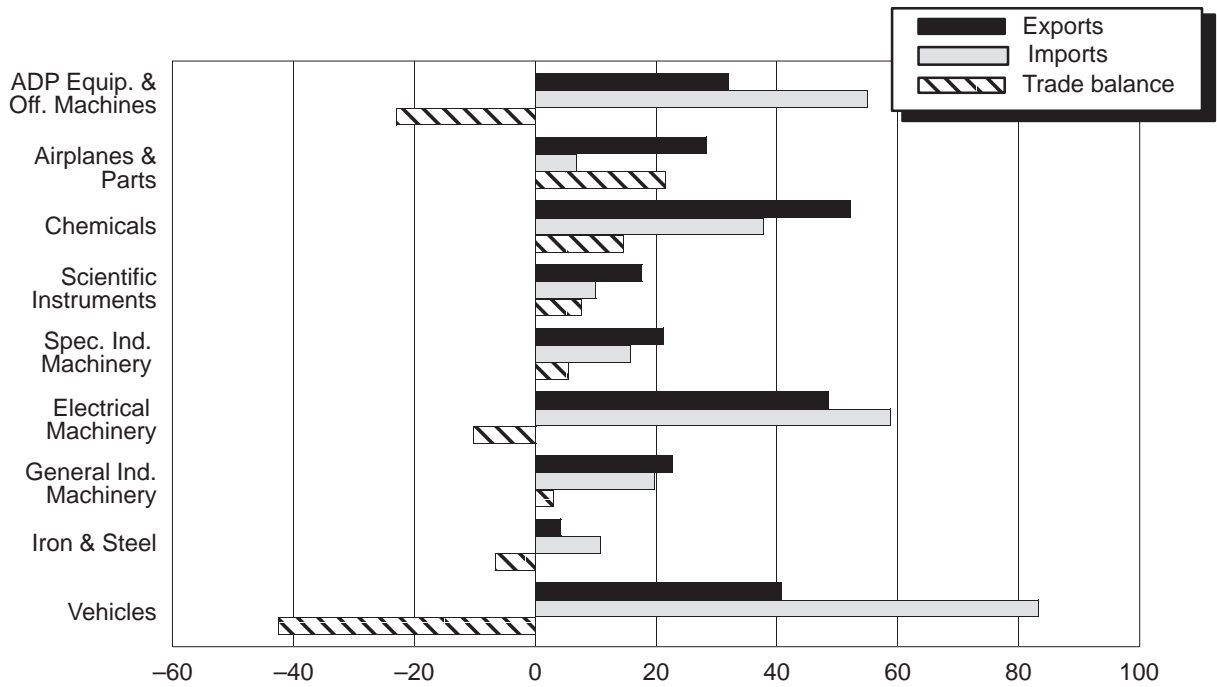
Major U.S. trade developments are highlighted in figures 2, 3, and 4. Seasonally adjusted U.S. trade in goods and services in billions of dollars as reported by the U.S. Department of Commerce is shown in table 4. Nominal export changes and trade balances for specific major commodity sectors are shown in table 5. U.S. exports and imports of goods with major trading partners on a monthly and year-to-date basis are shown in table 6, and U.S. trade in services by major category is shown in table 7.

**Figure 2**  
U.S. trade by major commodity, Jan.-Sep. 97



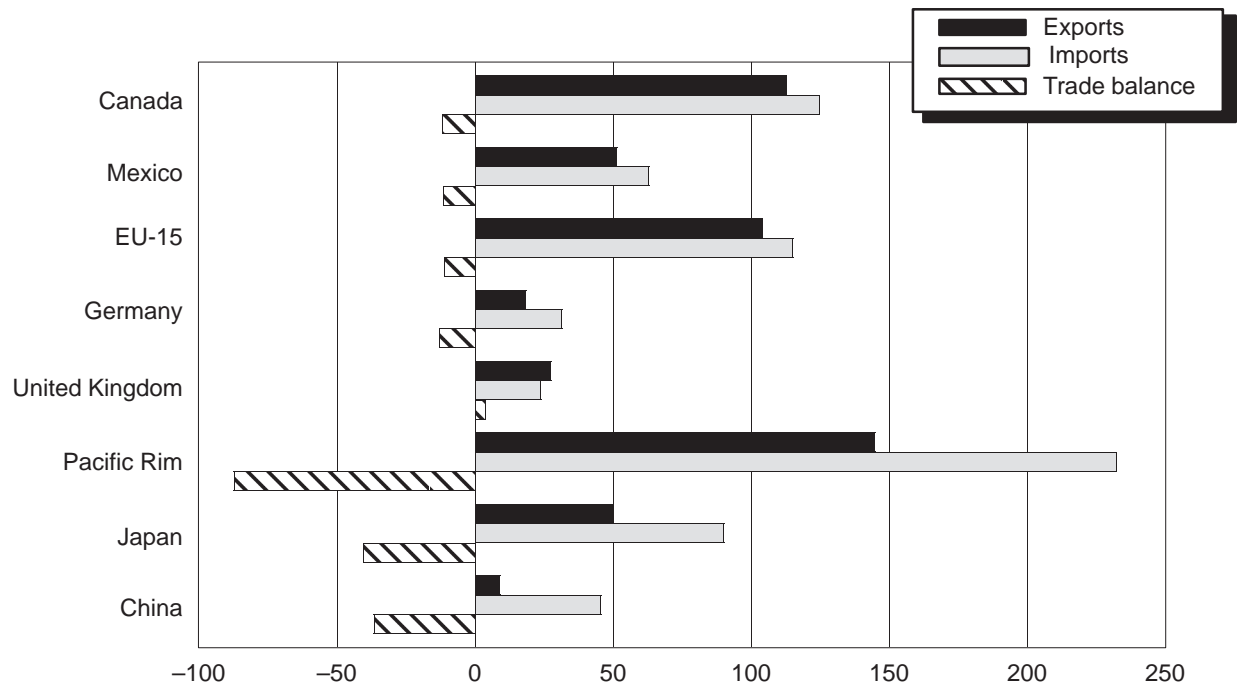
Source: U.S. Department of Commerce.

**Figure 3**  
**U.S. trade in principal goods, billion dollars, Jan.-Sep. 97**



Source: U.S. Department of Commerce.

**Figure 4**  
**U.S. trade with major trading partners, billion dollars, Jan.-Sep. 1997**



Source: U.S. Department of Commerce.

**Table 4**  
**U.S. trade in goods and services, seasonally adjusted, Jan. -Sep. 1997**

(Billion dollars)

Item	Exports		Imports		Trade balance	
	Sep. 1997	Aug. 1997	Sep. 1997	Aug. 1997	Sep. 1997	Aug. 1997
Trade in goods (BOP basis)						
Current dollars—						
Including oil .....	56.5	57.3	74.7	73.9	-18.2	-16.6
Excluding oil .....	56.8	57.5	68.4	67.7	-11.6	-10.2
Trade in services						
Current dollars .....	21.5	21.3	14.4	14.2	7.1	7.1
Trade in goods and services						
Current dollars .....	78.0	78.6	89.1	88.0	- 11.1	- 9.4
Trade in goods (Census basis)						
1992 dollars .....	72.3	72.8	91.2	90.2	-18.9	-17.4
Advanced-technology products (not seasonally adjusted) .....	15.2	14.3	13.8	12.6	1.4	1.7

Note.—Data on goods trade are presented on a balance-of-payments (BOP) basis that reflects adjustments for timing, coverage, and valuation of data compiled by the Census Bureau. The major adjustments on BOP basis exclude military trade but include nonmonetary gold transactions, and estimates of inland freight in Canada and Mexico, not included in the Census Bureau data.

Source: U.S. Department of Commerce News (FT 900), Nov. 20, 1997.



**Table 5**  
**Nominal U.S. exports and trade balances, of agriculture and specified manufacturing sectors, Jan. 1996-Sep. 1997**

	Exports		Change	Share	Trade balances	
	Sep. 1997	Jan-Sep. 1997	Jan.-Sep. 1997	of total, Jan.-Sep. 1997	Jan.-Sep. 1997	Jan.-Sep. 1996
			over Jan.-Sep. 1996	Percentage		
	— Billion dollars —		Percentage		— Billion dollars —	
ADP equipment & office machinery .....	3.9	31.9	9.2	6.3	-23.0	-19.3
Airplanes .....	1.9	18.6	44.2	3.7	15.3	10.0
Airplane parts .....	1.1	9.7	12.8	1.9	6.1	6.1
Electrical machinery .....	5.8	48.5	14.7	9.5	-10.3	-14.3
General industrial machinery .....	2.6	22.7	14.6	4.5	3.0	0.6
Iron & steel mill products .....	0.5	4.2	14.0	0.8	-6.6	-6.1
Inorganic chemicals .....	0.5	3.9	11.4	0.8	0	-0.2
Organic chemicals .....	1.5	12.4	11.7	2.4	-0.1	-0.3
Power-generating machinery .....	2.2	20.2	23.2	4.0	2.1	-0.3
Scientific instruments .....	2.0	17.6	15.8	3.5	7.6	6.1
Specialized industrial machinery .....	2.5	21.2	11.0	4.2	5.5	5.2
TVS, VCRs, etc .....	2.0	17.2	20.3	3.4	-9.0	-10.2
Textile yarns, fabrics and articles .....	0.8	6.7	15.5	1.3	-2.2	-1.8
Vehicle parts .....	4.7	40.7	10.0	8.0	-42.5	-38.7
Manufactured exports not included above .....	14.2	130.4	15.3	25.6	-75.3	-71.5
<b>Total manufactures .....</b>	<b>46.2</b>	<b>405.9</b>	<b>13.0</b>	<b>79.7</b>	<b>-129.6</b>	<b>-127.5</b>
Agriculture .....	4.3	39.7	-8.3	7.8	13.3	19.0
Other exports not included above .....	6.9	63.4	8.7	12.5	-16.4	-16.4
<b>Total exports of goods .....</b>	<b>57.4</b>	<b>509.0</b>	<b>10.5</b>	<b>100.0</b>	<b>-132.7</b>	<b>-124.9</b>

Note.—Because of rounding, figures may not add to the totals shown. Data are presented on a Census basis.

Source: U.S. Department of Commerce News (FT 900), Nov. 20, 1997.

**Table 6**  
**U.S. exports and imports of goods with major trading partners, Jan. 1996-Sep. 97**

(Billion dollars)

Country/area	Exports			Imports			Trade Balances	
	Sep. 1997	Jan.-Sep. 1997	Jan.-Sep. 1996	Sep. 1997	Jan.-Sep. 1997	Jan.-Sep. 1996	Jan.-Sep. 1997	Jan.-Sep. 1996
Total .....	57.4	509.0	460.7	76.6	641.7	585.6	-132.7	-124.9
North America .....	19.6	163.9	140.7	22.2	187.4	170.4	-23.5	-29.7
Canada .....	13.3	112.6	99.6	14.6	124.6	115.9	-12.0	-16.3
Mexico .....	6.4	51.3	41.0	7.7	62.8	54.5	-11.5	-13.5
Western Europe .....	12.6	115.6	105.0	13.7	126.3	115.9	-10.7	-10.8
European Union (EU-15) .....	11.7	104.0	94.4	12.5	115.0	105.0	-11.0	-10.6
Belgium .....	1.1	10.0	9.2	0.7	5.9	5.0	4.1	4.3
France .....	1.3	11.7	10.5	1.8	15.1	13.7	-3.4	-3.2
Germany .....	2.1	18.3	17.4	3.1	31.4	28.5	-13.0	-11.2
Italy .....	0.7	6.6	6.6	1.3	14.2	13.6	-7.6	-7.0
Netherlands .....	1.9	14.4	11.8	0.7	5.3	4.8	9.1	6.9
Sweden .....	0.3	2.4	2.4	0.6	5.3	5.2	-2.9	-2.8
United Kingdom .....	2.9	27.4	23.8	2.7	23.8	21.2	3.6	2.6
Other EU .....	0.7	6.5	5.4	0.9	7.1	6.4	-0.6	-1.0
EFTA .....	0.6	8.3	7.9	1.0	9.1	9.0	-0.8	-1.1
FSR/Eastern Europe .....	0.7	5.8	5.3	0.8	6.2	4.8	-0.4	0.5
Russia .....	0.3	2.4	2.5	0.4	3.1	2.4	-0.7	0.1
Other .....	0.2	2.1	2.0	0.2	1.8	1.5	0.2	0.4
Pacific Rim Countries .....	15.1	144.7	139.4	29.1	232.1	213.7	-87.4	-74.3
Australia .....	1.1	9.1	9.0	0.4	3.4	2.7	5.7	6.3
China .....	1.1	8.9	8.2	6.6	45.4	37.2	-36.6	-29.0
Japan .....	5.0	49.5	51.0	10.2	90.0	85.2	-40.5	-34.1
NICs .....	6.0	58.8	56.0	8.0	63.5	61.6	-4.8	-5.6
Other Pacific Rim Countries .....	1.9	18.5	15.1	3.9	29.8	27.0	-11.3	-11.9
South/Central America .....	5.4	45.5	38.2	4.7	40.3	36.2	5.2	2.0
Argentina .....	0.5	4.1	3.3	0.2	1.7	1.7	2.4	1.6
Brazil .....	1.4	11.4	9.1	0.7	7.4	6.6	4.0	2.5
Other .....	2.5	26.2	22.3	3.3	27.8	24.8	-1.6	-2.5
OPEC .....	2.3	18.0	16.3	4.1	34.5	32.1	-16.5	-15.8
Other Countries .....	2.7	23.4	21.9	4.1	31.4	28.0	-8.0	-6.1
Egypt .....	0.3	3.1	2.3	0.1	0.5	0.5	2.6	1.8
South Africa .....	0.3	2.3	2.4	0.3	1.8	1.7	0.4	0.7
Other .....	2.1	18.1	17.2	3.8	29.1	25.7	-11.1	-8.5

Note.—EFTA includes Iceland, Liechtenstein, Norway, and Switzerland. The newly industrializing countries (NICs) include Hong Kong, the Republic of Korea, Singapore, and Taiwan. FSR = Former Soviet Republics.

Note.—Country/area figures may not add to the totals shown because of rounding. Exports of certain grains, oilseeds, and satellites are excluded from country/area exports but included in total export table. Also some countries are included in more than one area. Data are presented on a Census Bureau basis.

Source: U.S. Department of Commerce News (FT 900), Nov. 20, 1997.

**Table 7**  
**Nominal U.S. exports and trade balances of services, by sectors, Jan. 1996-Sep.1997, seasonally adjusted**

	Exports		Change	Trade balances	
	Jan.- Sep. 1997	Jan.- Sep. 1996	Jan.-Sep. 1997 over Jan.-Sep. 1996	Jan.- Sep. 1997	Jan.- Sep. 1996
	— Billion dollars —		Percentage	— Billion dollars —	
Travel .....	55.2	51.7	6.8	15.9	15.2
Passenger fares .....	16.0	15.3	4.6	3.0	3.6
Other transportation .....	21.4	20.1	6.5	-1.2	-1.2
Royalties and license fees .....	23.7	22.3	6.3	17.9	16.7
Other private services .....	61.1	54.5	12.1	26.0	22.7
Transfers under U.S. military sales contracts .....	10.2	10.6	-3.8	1.8	2.5
U.S. Govt. miscellaneous service .	0.6	0.7	-14.3	-1.4	-1.3
Total .....	188.2	175.2	7.4	62.0	58.2

Note.—Services trade data are on a balance-of-payments (BOP) basis. Numbers may not add to totals because of seasonal adjustment and rounding.

Source: U.S. Department of Commerce News (FT 900), Nov. 20, 1997.

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# STATISTICAL TABLES

**Indexes of industrial production, by selected countries and by specified periods, Jan. 1994-Sept. 1997**  
(Total Industrial production, 1991=100)

Country	1996												1997																			
	1994	1995	1996	Dec.	I	II	III	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	1994	1995	1996	Dec.	I	II	III	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.		
United States <sup>1</sup>	108.6	112.1	115.2	117.7	118.5	119.5	121.6	118.4	118.8	119.2	119.5	119.9	120.9	121.5	122.4	108.6	112.1	115.2	117.7	118.5	119.5	121.6	118.4	118.8	119.2	119.5	119.9	120.9	121.5	122.4		
Japan	93.1	96.0	98.7	102.5	103.0	(2)	(2)	99.8	112.9	101.6	99.7	(2)	(2)	(2)	(2)	93.1	96.0	98.7	102.5	103.0	(2)	(2)	99.8	112.9	101.6	99.7	(2)	(2)	(2)	(2)		
Canada <sup>3</sup>	105.5	107.6	109.3	107.0	108.0	(2)	(2)	109.9	109.7	111.4	(2)	(2)	(2)	(2)	(2)	105.5	107.6	109.3	107.0	108.0	(2)	(2)	109.9	109.7	111.4	(2)	(2)	(2)	(2)	(2)	(2)	
Germany	93.9	95.9	96.0	97.4	96.0	(2)	(2)	94.1	101.9	100.6	95.8	(2)	(2)	(2)	(2)	93.9	95.9	96.0	97.4	96.0	(2)	(2)	94.1	101.9	100.6	95.8	(2)	(2)	(2)	(2)	(2)	(2)
United Kingdom	103.3	105.9	107.6	110.1	110.8	(2)	(2)	107.2	115.3	107.5	(2)	(2)	(2)	(2)	(2)	103.3	105.9	107.6	110.1	110.8	(2)	(2)	107.2	115.3	107.5	(2)	(2)	(2)	(2)	(2)	(2)	(2)
France	97.5	99.0	99.7	100.5	103.0	(2)	(2)	101.1	103.2	107.4	(2)	(2)	(2)	(2)	(2)	97.5	99.0	99.7	100.5	103.0	(2)	(2)	101.1	103.2	107.4	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Italy	102.2	107.8	104.8	97.3	109.7	(2)	(2)	113.5	115.8	112.6	(2)	(2)	(2)	(2)	(2)	102.2	107.8	104.8	97.3	109.7	(2)	(2)	113.5	115.8	112.6	(2)	(2)	(2)	(2)	(2)	(2)	(2)

<sup>1</sup> 1990 average=100.

<sup>2</sup> Not available.

<sup>3</sup> Real domestic product in industry at factor cost and 1986 prices.

Source: *Main Economic Indicators*, Organization for Economic Cooperation and Development, July 1997, *Federal Reserve Statistical Release*, October 17, 1997.

**Consumer prices, by selected countries and by specified periods, Jan. 1994-September 1997**

(Percentage change from same period of previous year)

Country	1996												1997																						
	1994	1995	1996	IV	Nov.	Dec.	I	II	III	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	1994	1995	1996	IV	Nov.	Dec.	I	II	III	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
United States	2.6	2.8	3.0	3.2	3.3	3.3	2.9	2.3	2.2	3.0	2.8	2.5	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.8	2.5	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
Japan	0.7	-0.1	0.2	0.5	0.6	0.6	0.6	2.0	2.1	0.6	0.5	1.8	1.8	1.8	2.2	1.8	1.8	1.8	1.8	1.8	1.8	2.0	1.8	1.5	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	
Canada	0.2	1.7	1.6	1.5	2.2	2.2	2.1	1.6	1.7	2.2	2.2	2.0	2.0	2.0	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
Germany	3.0	1.7	1.4	1.4	1.4	1.4	1.7	1.5	1.9	1.9	1.7	1.6	1.6	1.3	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.3	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
United Kingdom	2.5	3.4	2.4	2.6	2.7	2.5	2.7	2.7	3.5	2.8	2.7	2.6	2.6	2.4	2.6	2.9	3.3	3.3	3.3	3.3	3.3	2.6	2.4	2.6	2.9	2.9	3.3	3.3	3.5	3.5	3.5	3.5	3.5	3.5	
France	1.7	1.7	2.0	1.7	1.6	1.7	1.5	0.9	1.3	1.8	1.6	1.1	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Italy	1.0	5.2	3.9	2.9	2.8	2.7	2.5	1.8	1.9	2.8	2.6	2.2	2.2	1.8	1.7	1.6	1.8	1.8	1.8	1.8	1.8	2.2	1.8	1.7	1.6	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	

Source: *Consumer Price Indexes, Nine Countries*, U.S. Department of Labor, November 1997.

**Unemployment rates (civilian labor force basis)<sup>1</sup>, by selected countries and by specified periods, Jan. 1994-September 1997**

Country	1996												1997																						
	1994	1995	1996	IV	Dec.	I	II	III	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	1994	1995	1996	IV	Dec.	I	II	III	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.			
United States	6.1	5.6	5.4	5.3	5.3	5.3	5.3	4.9	4.9	5.3	5.2	4.9	4.8	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	5.2	4.9	4.8	4.8	5.0	4.8	4.8	4.9	4.9	4.9	4.9	4.9		
Japan	2.9	3.2	3.4	3.3	3.3	3.3	3.3	3.5	3.4	3.4	3.2	3.4	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4		
Canada	10.4	9.5	9.7	9.9	9.7	9.7	9.6	9.4	9.0	9.7	9.3	9.6	9.6	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.3	9.6	9.5	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	
Germany	6.5	6.5	7.2	7.5	7.6	7.6	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	
United Kingdom	9.6	8.8	8.3	8.0	7.8	7.8	7.6	7.3	6.9	7.4	7.3	7.0	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.3	7.3	7.3	7.1	7.1	6.9	6.8	6.8	6.8	6.8	6.8	6.8	6.8	
France	12.3	12.3	12.4	12.7	12.8	12.8	12.7	12.7	12.7	12.8	12.8	12.8	12.8	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.8	12.8	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7	
Italy	11.4	12.0	12.1	12.0	(3)	(3)	12.3	12.7	11.9	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)

<sup>1</sup> Seasonally adjusted; rates of foreign countries adjusted to be comparable with the U.S. rate.

<sup>2</sup> Not available.

<sup>3</sup> Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Source: *Unemployment Rates in Nine Countries*, U.S. Department of Labor, November 1997.

Money-market interest rates,<sup>1</sup> by selected countries and by specified periods, Jan. 1994-October 1997  
(Percentage, annual rates)

Country	1996					1997										
	1994	1995	1996	IV	Dec.	I	II	III	Mar.	Apr.	May	June	Jul.	Aug.	Sept.	Oct.
United States	4.6	5.8	5.4	5.4	5.4	5.4	5.7	5.6	5.5	5.7	5.7	5.6	5.6	5.6	5.6	5.6
Japan	2.2	1.2	.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.5	0.5	(2)
Canada	5.5	7.1	4.4	3.2	3.1	3.1	3.3	3.6	3.2	3.4	3.3	3.3	3.5	3.6	3.6	(2)
Germany	5.2	4.4	3.2	3.0	3.1	3.0	3.0	3.1	3.1	3.1	3.0	3.0	3.0	3.1	3.2	(2)
United Kingdom	5.4	6.6	5.9	6.1	6.3	6.1	6.4	7.0	6.1	6.3	6.4	6.6	6.9	7.1	7.1	(2)
France	5.7	6.4	3.8	3.3	3.3	3.2	3.3	3.2	3.2	3.2	3.3	3.3	3.2	3.3	3.2	(2)
Italy	8.4	10.4	8.7	7.5	7.2	7.3	6.9	6.8	7.4	7.0	6.8	6.8	6.8	6.8	6.8	(2)

<sup>1</sup> 90-day certificate of deposit.

<sup>2</sup> Not available.

Source: Federal Reserve Statistical Release, November 17, 1997; Federal Reserve Bulletin, November, 1997.

Effective exchange rate of the U.S. dollar, by specified periods, Jan. 1994-October 1997

(Percentage change from previous period)

Item	1996					1997										
	1994	1995	1996	IV	Dec.	I	II	III	Mar.	Apr.	May	June	Jul.	Aug.	Sept.	Oct.
Unadjusted: Index <sup>1</sup>	98.5	92.9	97.5	98.2	99.0	103.2	104.6	105.9	104.9	106.2	104.1	103.4	104.6	106.8	106.4	106.4
Percentage change	-1.6	-5.6	4.6	.8	1.7	5.0	1.4	1.3	1.0	1.3	-2.1	-0.6	1.2	2.2	-0.4	-0.4
Adjusted: Index <sup>1</sup>	101.5	93.9	100.3	101.7	102.7	106.6	106.4	108.1	108.2	108.3	106.0	104.9	106.4	108.9	108.6	108.6
Percentage change	-2.7	-7.4	6.4	1.0	2.1	4.9	-0.2	1.7	1.0	0.1	-2.3	-1.0	1.5	2.5	-0.3	-0.3

<sup>1</sup> 1990 average=100.

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 18 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the United States and in other nations; thus, a decline in this measure suggests an increase in U.S. price competitiveness.

Source: Morgan Guaranty Trust Co. of New York, November 1997.



**Merchandise trade balances, by selected countries and by specified periods, Jan. 1994-September 1997**

(In billions of U.S. dollars, exports less imports [f.o.b - c.i.f.], at an annual rate)

Country	1997															
	1994	1995	1996	1996	1996	IV	I	II	III	Mar.	Apr.	May	June	July	Aug.	Sept.
United States <sup>1</sup>	-150.6	-159.6	-166.6	-161.7	-181.7	-167.1	-190.4	-149.1	-165.7	-173.6	-161.9	-187.0	-183.2	-201.0		
Japan	121.2	106.0	68.2	68.2	51.3	(2)	(2)	43.3	77.7	111.6	(2)	(2)	(2)	(2)	(2)	(2)
Canada <sup>3</sup>	17.0	27.8	30.7	22.8	28.5	(2)	(2)	31.5	13.3	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Germany	45.6	63.6	65.5	73.8	68.0	(2)	(2)	92.0	(4)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
United Kingdom	-22.5	-22.4	-25.3	-26.5	-17.0	(2)	(2)	-15.7	-28.9	(2)	(2)	(2)	(2)	(2)	(2)	(2)
France <sup>3</sup>	14.7	20.0	17.8	30.0	22.5	(2)	(2)	20.4	33.2	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Italy	22.0	27.6	43.9	41.7	32.0	(2)	(2)	30.1	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

<sup>1</sup> Figures are adjusted to reflect change in U.S. Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f. value.

<sup>2</sup> Not available.

<sup>3</sup> Imports are f.o.b.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, November 20, 1997; *Main Economic Indicators*; Organization for Economic Cooperation and Development, July 1997.

**U.S. trade balance, <sup>1</sup> by major commodity categories and by specified periods, Jan. 1994-September 1997**

(In billions of dollars)

Country	1997															
	1994	1995	1996	1996	1996	IV	I	II	III	Apr.	May	June	July	Aug.	Sept.	
Commodity categories:																
Agriculture	19.0	25.6	26.7	7.7	5.7	3.5	3.9	1.4	1.0	1.1	0.9	1.5	1.5	1.5	1.5	1.5
Petroleum and selected product—																
(unadjusted)	-47.5	-48.8	-60.9	-16.4	-18.6	-16.1	-15.0	-5.3	-5.6	-5.2	-5.2	-5.2	-5.2	-5.4	-5.4	-5.4
Manufactured goods	-155.7	-173.5	-175.9	-46.0	-37.1	-37.7	-54.5	-12.1	-12.4	-13.2	-19.3	-16.6	-18.6	-18.6	-18.6	-18.6
Selected countries:																
Western Europe	-12.5	-10.6	-10.4	-5.1	-6	-2.3	-7.3	-4	-1.2	-7	-4.3	-1.9	-1.1	-1.1	-1.1	-1.1
Canada	-25.1	-18.1	-22.8	-5.4	-4.4	-3.7	-4.0	-8	-1.5	-1.2	-1.4	-1.3	-1.3	-1.3	-1.3	-1.3
Japan	-66.4	-59.1	-47.6	-13.4	-13.1	-12.4	-14.7	-4.8	-3.6	-4.0	-5.1	-4.5	-5.1	-5.1	-5.1	-5.1
OPEC																
(unadjusted)	-13.8	-15.7	-19.8	-5.2	-5.5	-5.2	-5.5	-1.6	-1.7	-1.9	-1.8	-1.9	-1.9	-1.9	-1.9	-1.9
Unit value of U.S. imports of petroleum and selected products																
(unadjusted)	\$14.22	\$15.83	\$18.98	\$21.49	\$20.37	\$17.08	\$16.72	\$17.17	\$17.00	\$17.07	\$16.50	\$16.94	\$16.94	\$16.94	\$16.94	\$16.94

<sup>1</sup> Exports, f.a.s. value, unadjusted. Imports, customs value, unadjusted.

Source: *Advance Report on U.S. Merchandise Trade*, U.S. Department of Commerce, November 20, 1997.

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# **APPENDIX A TABLES**

**Table A-1  
Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>	
Argentina.....	Austria	Coated paper	03-18-93		02-27-96-NI	
		Cold-rolled steel sheet	08-18-92	09-23-92	04-16-96-NI	
	Belgium	Tinned and/or chromed sheet (tinplate)	04-15-93			04-18-96-NI
		Aluminium cable	06-30-94			02-27-96-DD
	Brazil	Ceramic magnets	11-02-95			
		Copper-steel javelins	02-10-94			10-22-96-DD
		Domestic refrigerator compressors	01-17-96			
		EDTA Tetrasodium ethylenediaminetetra-acetic acid, powder	12-20-95			
		Electricity cables	02-20-96			
		Electricity meters	08-26-93	02-17-94		01-02-96-NI
		Electric power transmission cables	02-20-96			
		Enamelled copper wire for winding	10-29-92	04-23-93		10-29-96-DD
	Fuses	Foam polystyrene trays	05-09-96			
		Fuses	12-28-95			
	Liquid dielec. transformers <10,000 kVA	Paper bags/sacks for cement	09-22-94			
		Photochromatic monofocal ophthalmic lenses for corrective eyeglasses	05-23-96			
	Photoelectric relays	Refrigerator compressors	01-18-93	12-07-93		09-03-96-DD
		Steel discs and blades	03-21-94			05-16-96-DD
	Steel gas cylinders	Steel gas cylinders	01-17-96	01-26-93		09-03-96-DD
		Straight handsaw blades for metalworking, made from high-speed steel	04-19-96			
Chile		Straight tubular fluorescent lamps	10-31-95	07-12-96		
		Taps made of high-speed and non-alloy steel	10-31-95		08-21-96-PU	
	Straight tubular fluorescent lamps	Straight tubular fluorescent lamps	01-26-92	02-28-94		10-22-96-DD
		Straight tubular fluorescent lamps	10-31-95			08-21-96-PU
	Semolina noodles	10-27-95				
	Men's shirts, cotton and blends	Men's shirts, cotton and blends	01-06-94	01-06-94		03-27-96-DD
		Bathroom fixtures	10-21-96			
	Bicycles	Bicycles	09-22-94	04-04-95		03-27-96-DD
		Carbon-steel straight handsaw blades	10-31-95	09-05-96		
	Car radios	Car radios	05-06-96			
Colour TV receivers		04-25-96				
Car radios	Car radios	05-06-96				
	Fireworks articles	07-30-96				
Galvanized iron fabric for mosquito screens	Galvanized iron fabric for mosquito screens	11-02-95	11-06-96			
	Padlocks	07-30-96				
Pipe fittings for butt-welding	Pipe fittings for butt-welding	10-30-95				
	Playing cards	05-23-96				
Spokes for bicycles and motorcycles	Spokes for bicycles and motorcycles	10-17-96				
	Stainless steel cutlery	11-07-95				

See footnotes at end of table.



**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Argentina—Continued . . .	United States	Aluminum chloride	05-23-96		
		DTPA Pentasodium diethylenediamine-pentaacetate acid, 40% solution	12-28-95		11-01-96-NI
Australia . . . . .		EDTA Ethylenediaminetetraacetic acid	01-04-96		
		EDTA Tetrasodium ethylenediamenetetraacetic acid, 39% solution	12-28-95		
		Tinned and/or chromed sheet (tinplate)	04-15-93		
		Switches	12-07-95		
		Aluminum cable	06-30-94		
		Dioctyl phthalate	06-07-96 (R)		
		Dioctyl phthalate	06-12-96 (R)		
		Polyvinyl chloride resin	03-27-96		
		Fibreglass gun rovings	01-09-96 (R)	07-05-96	05-15-96-DD
		Nonyl phenol ethoxylates	12-17-96		
		Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
		Triethanolamine	06-12-96		02-21-96-DD
Canada China		Polyvinyl chloride resin	10-05-95 (R)		
		Canned pears	06-14-96		
		Dibutyl phthalate	05-08-96		
		Glyphosate acid	03-27-96	07-05-96	12-05-96-ND
		Laminated glass	08-09-96		02-21-96-DD
		Polyvinyl chloride resin	10-05-95 (R)		
		Toughened door panels	11-22-96		
		Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
		Dioctyl phthalate	06-12-96 (R)		
		Dioctyl phthalate	06-17-96		
		Dioctyl phthalate	06-07-96		
		Dioctyl phthalate	06-12-96 (R)		
France		Highlighter pens	10-11-96		
		Plaster of Paris bandages	04-17-96		
		Clear float glass	06-12-96 (R)		
		A4 copy paper	06-26-96 (R)		
		Laminated glass	08-09-96		12-05-96-ND
		Canned tomatoes	03-27-96 (R)		
		Polyvinyl chloride resin	04-05-95 (R)		
		Dioctyl phthalate	06-12-96 (R)		02-21-96-DD
		Dioctyl phthalate	06-07-96		
		Dioctyl phthalate	06-12-96 (R)		
		Expandable Polystyrene	10-19-95 (R)		
		Polyvinyl chloride resin	01-05-96		03-01-96-DD
Germany		Polyvinyl chloride resin	03-27-96	07-05-96	03-26-96-TRM
		Sodium stearoyl lactylate	04-19-96	08-09-96	
		Laminated glass			09-20-96-TRM
Indonesia					
Israel					
Italy					
Japan					
Korea					
Malaysia					

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Australia—Continued . . .	Mexico	Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
	Norway	Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
	Saudi Arabia	Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
	Singapore	Expandable Polystyrene	10-19-95 (R)		03-01-96-DD
	South Africa	A4 copy paper			06-28-96 (R)
		Hollow access floor panels	05-24-96		08-21-96-TRM
	Sweden	Dioctyl phthalate	11-11-96		
	Taiwan	Dioctyl phthalate	06-12-96 (R)		
		Laminated glass	08-09-96		12-05-96-ND
	Thailand	Certain refrigerators	01-23-96	05-02-96	
		Laminated glass	08-09-96		12-05-96-ND
		Polyvinyl chloride resin	10-05-95 (R)		02-21-96-DD
		Refrigerators	01-23-96		10-02-96-PU
		Diesel generating sets	12-12-95		01-12-96-TRM
	United Kingdom	First aid dressing strips	10-04-96		02-21-96-DD
United States	Polyvinyl chloride resin	10-05-95 (R)		01-12-96-TRM	
	Triethanolamine	06-12-96		02-21-96-DD	
Venezuela	Dioctyl phthalate	06-07-96			
	Dioctyl phthalate	06-12-96 (R)		04-30-96-DD	
Brazil . . . . .	Bosnia Herz.	Ferrochromium less than 4% of carbon	01-20-95		
	Bulgaria	Soda ash	09-23-96		
	Chile	Magnesium phosphide	09-23-96		
	China	Bicycle tyres	07-05-96		
		Colour pencils and black pencils	02-21-96	08-26-96	01-18-96-DD
		Garlic, fresh or refrigerated	12-08-94	08-30-95	04-30-96-DD
		Ferrochromium less than 4% of carbon	01-20-95		
	Croatia	Gray Portland cement	07-05-96		
	Cuba	Bicycle tyres	07-05-96		
	Hong Kong	Bicycle tyres	07-05-96		
	Indonesia	Bicycle tyres	07-05-96		
	Kazakhstan	Unwrought magnesium	12-06-94		
	Macedonia	Ferrochromium less than 4% of carbon	01-20-95		
	Poland	Soda ash	09-23-96		06-20-96-NI
	Romania	Soda ash	09-23-96		04-30-96-DD
	Russia	Unwrought magnesium	12-06-94		
	Slovenia	Ferrochromium less than 4% of carbon	01-20-95		06-20-96-NI
	Spain	Soda ash	09-23-96		04-30-96-DD
	Taiwan	Bicycle tyres	07-05-96		
	Thailand	Bicycle tyres	07-05-96		
	Ukraine	Unwrought magnesium	12-06-94		06-20-96-NI
	United Kingdom	Sodium tripolyphosphate	07-05-96		
	United States	Butadiene rubber	09-23-96		
		Soda ash	09-23-96		
		Styrene-butadiene rubber	09-23-96		
		Unwrought magnesium	12-06-94		06-20-96-NI

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Brazil—Continued . . . . .	Venezuela	Gray Portland cement	07-05-96		04-30-96-DD
	Yugoslavia	Ferrochromium less than 4% of carbon			07-25-96-DD
Canada . . . . .	Argentina	Carbon steel welded pipe	01-29-96		
	Australia	Corrosion-resistant steel sheet	08-02-96		
	Brazil	Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
		Corrosion-resistant steel sheet	08-02-96 (R)		
		Spiral bound notebooks	03-01-96	05-30-96	09-27-96-NI
		Tillage tools	09-19-96 (R)		
	China	Bicycles	03-01-96 (R)		07-30-96-DD
		Garlic	08-23-96	11-21-96	
		Ladies footwear	05-08-96 (R)		11-08-96-DD
		Portable File Cases	09-21-95	02-05-96	06-04-96-NI
	Czechoslovakia	Waterproof rubber footwear	11-22-96 (R)		
	France	Waterproof rubber footwear	11-22-96 (R)		
		Cold rolled carbon steel sheet	06-17-96 (R)		
		Cold-rolled steel sheet	06-17-96 (R)		
	Germany	Corrosion-resistant steel sheet	08-02-96 (R)		
		Cold rolled carbon steel sheet	06-17-96 (R)		
		Cold-rolled steel sheet	06-17-96 (R)		
		Corrosion-resistant steel sheet	08-02-96 (R)		
	Hong Kong	Waterproof rubber footwear	11-22-96 (R)		
	Indonesia	Refill paper and spiral bound notebooks	03-01-96	05-30-96	09-27-96-NI
	India	Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
	Italy	Cold rolled carbon steel sheet	06-17-96 (R)		
		Dry Pasta	08-30-95	01-12-96	05-13-96-NI
	Japan	Corrosion-resistant steel sheet	08-02-96 (R)		
	Korea	Oil and gas well casing	12-18-95 (R)		07-05-96-DD
		Corrosion-resistant steel sheet	08-02-96 (R)		
		Oil and gas well casing	09-13-96 (R)		
		Twisted polypropylene and nylon rope	09-20-96 (R)		
		Waterproof rubber footwear	11-22-96 (R)		
	Malaysia	Waterproof rubber footwear	11-22-96 (R)		
	New Zealand	Corrosion-resistant steel sheet	08-02-96 (R)		
	Poland	Waterproof rubber footwear	11-22-96 (R)		
	Romania	Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
	Spain	Corrosion-resistant steel sheet	08-02-96 (R)		
	Sweden	Corrosion-resistant steel sheet	08-02-96 (R)		
		Aluminum coil stock	08-19-96 (R)		
	Taiwan	Bicycles	03-01-96 (R)		07-30-96-DD
		Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
		Stainless steel welded pipe	04-26-96 (R)		09-04-96-DD
		Waterproof rubber footwear	11-22-96 (R)		
	Thailand	Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
	United Kingdom	Bacteriological culture media	09-29-95	01-31-96	05-31-96-NI
		Cold rolled carbon steel sheet	06-17-96 (R)		
		Cold-rolled steel sheet	06-17-96 (R)		

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Canada—Continued . . . .	United Kingdom	Corrosion-resistant steel sheet	08-02-96 (R)		
	United States	Bacteriological Culture Media	09-29-95	01-31-96	05-31-96-NI
		Caps Lids and Jars	11-06-95 (R)		04-19-96-DD
		Cold rolled carbon steel sheet	06-17-96 (R)		
		Cold-rolled steel sheet	06-17-96 (R)		
		Concrete panels	11-29-96		
		Corrosion-resistant steel sheet	08-02-96 (R)		01-25-96-DD
		Fibreglass pipe insulation	10-02-95 (R)		
		Fibreglass pipe insulation	10-07-96 (R)		
		Frozen Pot Pies and Frozen Prepared Dinners	10-19-95 (R)		01-14-96-TRM
		Machine tufted carpeting	10-17-96 (R)		
		Oil and gas well casing	12-18-95 (R)		07-05-96-DD
		Oil and gas well casing	09-13-96 (R)		
		Plastic shrinkable bags	12-02-96 (R)		
		Polyiso insulation board	09-13-96 (R)		
		Polyiso insulation board	11-27-95 (R)	12-12-96	
		Potatoes (non size A russets)	11-27-95 (R)		05-13-96-DD
		Potatoes (size A russets)	11-27-95 (R)		05-13-96-DD
		Refined sugar	03-23-96 (R)		06-27-96-DD
		Residential steel storage buildings	10-21-96 (R)		
		Synthetic baler twine	11-01-96 (R)		
		Yellow Onions	11-27-95 (R)		05-13-96-DD
		Yellow onions	11-22-96 (R)		
		Carbon steel welded pipe	01-29-96 (R)		07-25-96-DD
		Waterproof rubber footwear	11-22-96 (R)		
		Semi-trailers	12-27-95		
		Gouda-type cheese	12-13-95		
		Hot-rolled steel in coils	10-16-96	12-18-96	06-13-96-NI, ND
		Hot-rolled steel in coils	10-16-96	12-18-96	05-29-96-NI, ND
		Respirators and parts	04-08-96		
		Orthophosphoric acid	04-16-96	06-19-96	10-23-96-NI, ND
		Tyres for motor cars, radial	12-29-95		09-19-96-DD
		Tyres for vans, radial	08-23-96		08-23-96-NI
		Tyres for microbuses, radial	08-23-96		08-23-96-TRM
		Tyres for trucks, conventional design	08-23-96		08-23-96-TRM
		Polyester staple fibre	08-03-94	03-05-96	07-30-96-DD
		Ferro-silicon	09-28-96 (R)		
		Ferro-silico-manganese	12-17-96 (R)		
		Hematite pig-iron	04-10-96 (R)		
		3.5" microdisks	10-20-95 (R)	08-15-95	07-25-96-TRM
		Activated powdered carbon	03-02-94		06-05-96-DD
		Artificial corundum	01-12-96 (R)		
		Bicycles	04-19-96 (R)		
		Briefcases and schoolbags	04-17-96		
		Calcium metal	01-05-96 (R)		
		Chamottes (refractory)	04-15-93	07-29-95	01-27-96-DD
		Cotton fabric	01-20-94		02-20-96-ND

See footnotes at end of table.



**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
EEC—Continued . . . . .	China	Cotton fabrics (unbleached, grey)	02-21-96	11-20-96	04-04-96-DD
		Coumarin	05-20-94	10-07-95	
		Dihydrostrep-tomycin	01-04-96 (R)		
		Ferro-silico-manganese	12-17-96		
		Furazolidone			03-27-96-TRM
		Furfuryl alcohol	04-19-95		05-07-96-ND
		Handbags	05-04-96		
		Luggage and travel goods	04-17-96		
		Microwave ovens	12-18-93	07-07-95	01-04-96-DD
		Ring binder mechanisms	10-28-95	07-26-96	
		Stainless steel fasteners and parts	12-07-96		
		Tube or pipe fittings of iron or steel	02-03-94		
		Unbleached cotton fabrics	02-21-96	10-03-95	04-03-96-DD
		Video tapes in cassettes	10-24-96 (R)		
		Seamless pipes/tubes of iron/non-alloy steel	08-31-96 (R)		
		Tube or pipe fittings of iron or steel	02-03-94	10-03-95	04-03-96-DD, PU
	Croatia	Hematite pig-iron	04-10-96 (R)		
	Czech Republic	Hematite pig-iron	05-21-94	01-17-96	01-17-96-DD, PU
		Portland cement	04-28-94		01-18-96-ND
		Seamless pipes/tubes of iron/non-alloy steel	08-31-96		
	Egypt	Bed linen (cotton-type)	09-13-96		
		Unbleached cotton fabrics	02-21-96	11-20-96	
	Hong Kong	3.5" microdisks	10-20-95 (R)	07-25-96	
	Hungary	Seamless pipes/tubes of iron/non-alloy steel	08-31-96 (R)		
	India	Bedlinen	01-25-94		07-10-96-TRM
		Bed linen (cotton-type)	09-13-96		
		Cotton fabric	01-20-94		02-20-96-ND
		Cotton fabrics (unbleached, grey)	02-21-96	11-20-96	
		3.5" microdisks	10-20-95 (R)		07-25-96-TRM
		Polyester yarn (PTY)	07-20-94		11-12-96-ND
		Stainless steel fasteners and parts	12-07-96		
		Synthetic fibres of polyester	11-01-95 (R)		
		Synthetic fibres of polyester	07-04-96 (R)		
		Synthetic fibre ropes	04-04-96		07-30-96-DD
		Synthetic staple fibre fabric	01-20-94		
		Unbleached cotton fabrics	02-21-96		02-20-96-ND
		Bicycles	02-03-94	10-14-95	
		Cotton fabric	01-20-94		04-12-96-DD
		Cotton fabrics (unbleached, grey)	02-03-94		02-20-96-ND
		3.5" microdisks (R)	02-21-96	11-20-96	
		Monosodium glutamate	10-20-95		07-25-96-TRM
		Polyester yarns (man-made staple fibres)	07-09-94 (R)	07-20-95	01-20-96-DD
		Polyester yarn (PTY)	11-23-96 (R)		
		Synthetic staple fibre fabric	07-29-94		11-12-96-DD
		Unbleached cotton fabrics	01-20-94	05-29-96	02-20-96-ND
		Certain television camera systems	02-21-96		
	Japan		04-10-96 (R)		

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
EEC—Continued	Japan	DRAMs	08-31-96 (R)		03-06-96-DD, TRM
		Electronic weighing scales	08-31-96 (R)		
		Electronic weighing scales (parts)			
		EPROMs			04-13-96-DD, TRM
		Large aluminium electrolytic capacitors	12-17-96 (R)		
		Pocket flint lighters (gas, non-refillable)	11-30-96 (R)		
		Unwrought magnesium	01-15-94		
	Kazakstan	DRAMs			07-12-96-ND
	Korea	Hydraulic excavators	05-12-95		03-06-96-DD, TRM
		Microwave ovens	12-18-93	07-07-95	11-27-96-TRM
		Monosodium glutamate	07-09-94 (R)	07-20-95	01-04-96-DD
		PET video film	06-14-95		01-20-96-DD
		Stainless steel fasteners and parts	12-07-96		07-20-96-TRM
		Video cassette recorders	04-25-95		
	Macau	3.5" microdisks	10-20-95 (R)		04-24-96-ND
	Malaysia	Bicycles	02-03-94	10-14-95	07-25-96-TRM
		3.5" microdisks	10-20-95 (R)		04-12-96-DD
		3.5" microdisks	09-02-94	10-17-95	07-25-96-TRM
		Microwave ovens	12-18-93	07-07-95	04-13-96-DD
		Ring binder mechanisms	11-28-95		01-04-96-DD
		Stainless steel fasteners and parts	12-07-96		
	Mexico	3.5" microdisks	09-02-94	10-17-95	04-13-96-DD
	Norway	Salmon	08-31-96		
	Pakistan	Bed linen (cotton-type)	09-13-96		04-13-96-DD
		Bedlinen	01-25-94		
		Cotton fabric	01-20-94		
		Cotton fabrics (bleached, grey)	02-21-96	11-20-96	07-10-96-TRM
		Synthetic staple fibre fabric	01-20-94		02-20-96-ND
		Unbleached cotton fabrics	02-21-96		
	Philippines	3.5" microdisks	10-20-95 (R)		02-20-96-ND
	Poland	Hematite pig-iron	04-10-96 (R)		07-25-96-TRM
		Portland cement	04-28-94		01-18-96-ND
		Seamless pipes/tubes of iron/non-alloy steel	08-31-96 (R)		
	Romania	Seamless pipes/tubes of iron/non-alloy steel	08-31-96		
	Russia	Calcium metal	01-05-96 (R)		
		Certain grain oriented electrical sheets	05-20-94	10-20-95	02-20-96-DD, PU
		Ferro-silico-manganese	12-17-96 (R)		
		Hematite pig-iron	04-10-96 (R)		
		Seamless pipes/tubes of iron/non-alloy steel	08-31-96		
		Unwrought magnesium	01-15-94	12-23-95	07-12-96-DD, PU
	Singapore	Electronic weighing scales	08-31-96 (R)		
		3.5" microdisks	10-20-95 (R)		07-25-96-TRM
		Video cassette recorders	04-25-95		04-24-96-ND
		Portland cement	04-28-94		01-18-96-ND
	Slovak Republic	Seamless pipes/tubes of iron/non-alloy steel	08-31-96		

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
EEC—Continued . . . . .	South Africa	Ferro-silico-manganese	08-04-93	12-21-94	01-24-96-DD, PU
		Ferro-silico-manganese	12-17-96 (R)		
	Taiwan	Monosodium glutamate	07-09-94 (R)	07-20-95	01-20-96-DD
		Polyester yarn - PTY	06-16-94 (R)		06-14-96-DD
	Thailand	Stainless steel fasteners and parts	12-07-96		
		Ball bearings, diameter <30 mm	01-12-96 (R)		
	Thailand	Bedlinen	01-25-94	10-14-95	07-10-96-TRM
		Bicycles	02-03-94		04-12-96-DD
		Furfural alcohol	04-19-95		05-07-96-ND
		3.5" microdisks	10-25-95 (R)		07-25-96-TRM
		Microwave ovens	12-18-93	07-07-95	01-04-96-DD
		Monosodium glutamate	07-09-94 (R)	07-20-95	01-20-96-ND
		Polyester yarn (PTY)	07-29-94	05-29-96	11-12-96-DD
		Synthetic staple fibre fabric	01-20-94		02-20-96-ND
	Turkey	Tube or pipe fittings of iron or steel	02-03-94	10-03-95	04-03-96-DD, PU
		Bedlinen	01-25-94		07-10-96-TRM
		Cotton fabric	01-20-94		11-20-96
		Cotton fabrics (unbleached, grey)	02-21-96		06-14-96-DD
		Polyester yarn (PTY, POY)	06-16-94 (R)		
		Unbleached cotton fabrics	12-21-96		
	Ukraine	Ferro-silico-manganese	04-10-96 (R)		
		Hematite pig-iron	05-07-96 (R)		
		Silicon carbide	01-15-94	12-23-95	07-12-96-DD, PU
		Unwrought magnesium	08-31-96 (R)		
	United States	Sodium carbonate (soda ash)	09-02-94	10-17-95	04-13-96-DD
		3.5" microdisks	09-30-96		
	Austria	Graphite electrodes	09-30-96		
	Belgium	Graphite electrodes	09-30-96		
	Brazil	PVC resin (review)	09-30-96		
	Canada	Newsprint	12-20-96		
	China	8HQ	03-04-96	10-16-96	
		Dead burnt magnesite	05-16-95	06-10-96	
		Graphite electrodes	09-30-96		
		Sodium ferro-cyanide	10-11-95		
	Denmark	Catalysts*	09-06-96		
	France	Graphite electrodes	09-30-96		
	Germany	Acrylonitrile butadiene rubber (NBR)	03-15-95		
		Graphite electrodes	09-30-96		
	Indonesia	PTA	12-20-96		
	Italy	Graphite electrodes	09-30-96		
	Japan	Bisphenol-A	12-30-96		
	Kazakhstan	Low carbon ferro chrome	06-06-95	05-23-96	
	Korea	Acrylonitrile butadiene rubber (NBR)	03-15-95		
		Acrylic fibres	09-13-96		
		PTA	12-20-96		
		PVC resin (review)	09-30-96		

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
India—Continued . . . . .	Mexico	PVC resin (review)	09-30-96		
	Russia	Low carbon ferro chrome	06-06-95	05-23-96	
		Newsprint	12-20-96		
	Spain	Graphite electrodes	09-30-96		
	Thailand	Acrylic fibres	09-13-96		
		PTA	12-20-96		
	United States	Acrylic fibres	09-13-96		
		Bisphenol-A	11-20-95	11-27-96	
		Graphite electrodes	09-30-96		
		Cotton yarn (NR)	05-27-96		
Japan . . . . .	Pakistan	Disodium carbonate	09-13-96		09-13-96-DD
Korea . . . . .	Bulgaria	Choline chloride	04-17-96	09-02-96	12-03-96-DD
	China	Disodium carbonate	07-29-96 (R)		
		Electric shavers	07-09-96	12-20-96	
		Refined phosphoric acid	09-07-95 (R)		
	Germany	Electric shavers	07-09-96	12-20-96	
	Japan	Asahi flexo plate in presensitized print plate	04-30-96 (R)	12-20-96	12-03-96-NI
		Electric shavers	07-09-96		
		Glass fibre chopped strand	10-17-95 (R)		
		Glass fibre yarn (G75 1/0)	03-09-96 (R)	09-02-96	02-29-96-NI
		Lithium battery	03-15-96	12-20-96	08-26-96-TRM 12-19-96-DD
Mexico . . . . .	Netherlands	Electric shavers	07-09-96		
	Russia	Disodium carbonate	09-13-96		
		H-beam	11-21-96		
	Switzerland	Industrial air handling unit	08-22-96	11-07-96	
	United States	Ethanolamine	02-10-96	07-10-96	10-31-96-DD
		Choline chloride	04-17-96	09-02-96	12-03-96-DD
		Glass fibre yarn (G75 1/0)	03-09-96 (R)		08-26-96-TRM
		Lithium battery	03-15-96	09-02-96	12-19-96-DD
		Malleable iron connections	04-11-95	11-11-95	10-04-96-DD
	Brazil	Synthetic rubber	10-27-94	08-24-95	05-27-96-DD
China		Baby carriages and baby walkers	05-31-96		
		Footwear (R)	08-07-95	08-28-96	
	Japan	Sulphuric acid	04-15-94	06-07-95	05-27-96-DD
	Netherlands	Cationic starch	09-14-94 (R)		03-08-96-DD
	Russia	Plate in coils	11-22-94	06-12-95	06-27-96-DD
	Taiwan	Baby carriages and baby walkers	05-31-96		
	United States	Carbon steel ball-bearings	10-11-95	09-10-96	
		Ammonium sulphate	12-07-95	09-04-96	
		Bovine meat	06-03-94	04-23-95	04-25-96-TRM
		Cold-rolled sheet (R)	08-11-94	08-21-96	03-07-96-DD
		Corrugated rods	11-28-90		
		Crystal polystyrene	05-31-96 (R)		
		Gasoline additives	05-31-96		
		Hot-rolled sheet (R)	08-11-94		
		Hot-rolled sheet	05-27-92	11-08-93	08-21-96-DD 09-27-96-DD

See footnotes at end of table.

**Table A-1—Continued**  
**Antidumping actions reported by signatories to the GATT Committee on Anti-Dumping Practices during 1996 (final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Mexico—Continued . . . . .	United States	Hydrogen peroxide	05-22-96 (R)		
		Regenerated cellulose film	12-08-95	09-04-96	
		Steel plate in coils (R)	08-11-94	10-10-96	
		Oil filters	07-11-95		01-06-96-ND
New Zealand . . . . .	Canada	Certain men's footwear	11-24-94 (R)		07-30-96-DD, NI
	China	Women's non-leather footwear	11-23-94 (R)		03-29-96-DD
	Indonesia	Certain men's footwear	11-23-94 (R)	07-30-96-DD	
		Oil filters		07-11-95	01-06-96-NI
	Korea	Certain men's footwear	11-24-94 (R)	07-30-96-NI	
		Oil filters		07-11-95	01-06-96-ND
	South Africa	Rope		11-11-96	
		Canned apricots	04-19-96	07-05-96	10-16-96-DD
		Canned peaches		02-05-96	08-02-96-DD
	Taiwan	Certain men's footwear	11-21-94 (R)		
	Thailand	10mm plasterboard	01-26-96	04-17-96	07-23-96-DD
		Certain men's footwear	11-24-94 (R)	07-30-96-DD	
		Certain other plasterboard	10-10-95	03-29-96-DD	
		Oil filters		07-10-95	01-06-96-ND
		Plasterboard		12-18-94 (R)	02-26-96-DD
	United States	Oil filters		11-23-94 (R)	04-08-96-DD

<sup>1</sup> Initiation date codes: R = Review of existing antidumping measures.

<sup>2</sup> Provisional measures codes: NPF = Negative preliminary finding; R = Revision.

<sup>3</sup> Final outcome codes: DD = Definitive duty; ND = No dumping; NI = No injury; PU = Price undertaking; R = Revision; TRM = Termination.

Source: WTO.

**Table A-2  
Countervailing duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1996  
(final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
Argentina	European Union	Peaches in heavy syrup	03-21-94	10-23-96	1-09-96-DD
		Wheat gluten			2-07-96-NI
	Mexico	Synthetic acrylic fibres for spinning (tops)	01-18-93	10-19-95 (R)	03-01-96-DD
Australia	Italy	Canned tomatoes		03-01-96 (R)	
		Canned tomatoes			
	South Africa	Hollow access floor panels	05-24-96	10-19-95 (R)	08-21-96-TRM
	Spain	Canned tomatoes		03-01-96 (R)	03-01-96-DD
		Canned tomatoes			
Brazil	United Kingdom	Diesel generating sets	12-12-95		01-12-96-TRM
	United States	Cotton, not carded or combed	12-06-94		03-05-96-TRM
Canada	European Union	Boneless beef		02-09-96 (R)	07-22-96-NI
	Italy	Dry pasta	08-30-95	01-12-96	05-13-96-NI
	Norway	Farmed Atlantic salmon	08-31-96		
	Thailand	Ball bearings of up to 30 mm outside diameter	01-12-96 (R)		
	Turkey	Polyester fibres and polyester yarns	09-21-96 (R)		
Mexico	Canada	Wheat	11-22-94	04-04-94	03-07-96-PU
		Various pork products		06-12-95	10-02-96-NI
	Denmark	Wheat		04-04-94	03-07-96-PU
United States	United States	Cold-rolled carbon steel flat products (R 1992)	05-27-93	12-30-96	
		Cold-rolled carbon steel flat products (R 1993)	05-12-94	12-30-96	
		Cold-rolled carbon steel flat products (R)	04-02-96	04-02-96	
		Leather (R)			
		Oil country tubular goods (R 1992)	12-17-93	12-30-96	
		Oil country tubular goods (R 1993)	12-15-94	12-30-96	
		Oil country tubular goods (R 1994)	12-15-95	12-30-96	
		Oil country tubular goods (R)	04-02-96		
		Wool (R)			
	Brazil	Agriculture tillage tools (R 1994)	11-16-95	04-02-96	10-03-96-DD
		Agriculture tillage tools (R 1995)	11-15-96	07-31-96	
		Cut-to-length carbon steel plate (R 95-96)	09-17-96		
	Canada	Laminated hardwood flooring	04-04-96	11-20-96	12-03-96-TRM
		Live swine (R 91-92)	09-28-92	05-25-96	11-14-96-DD
		Live swine (R 92-93)	09-30-93	09-29-96	11-14-96-DD
		Live swine (R 93-94)	09-16-94	09-25-96	11-14-96-DD
		Live swine (R 94-95)	09-15-95	10-07-96	
		Live swine (R 95-96)	09-17-96		
		Live swine (R)	05-29-96	05-29-96	08-29-96-DD
		New steel rail, except light rail (CR 94-95)	11-30-95	11-30-95	03-21-96-DD
		New steel rail, except light rail (CR 95-96)	06-11-96	06-11-96	
		Pure & alloy magnesium (R 1992)	09-30-93	03-19-96	
		Pure & alloy magnesium (R 1994)	09-15-95	10-07-96	
		Pure & alloy magnesium (R 1995)	09-17-96		
		Miniature carnations (R 93-94)	02-17-94	08-16-95	08-30-96-TRM
		Miniature carnations (R 94-95)	04-14-95	03-08-96	
		Miniature carnations (R 95-96)	02-20-96		
		Roses and other fresh cut flowers (R 93-94)	02-17-94	08-16-95	08-30-96
		Roses and other fresh cut flowers (R 94-95)	04-14-95	03-08-96	
		Roses and other fresh cut flowers (R 95-96)	02-20-96		

See footnotes at end of table.

**Table A-2—Continued  
Countervailing duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1996  
(final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
United States—Continued	India	Certain iron-metal castings (R 1992)	11-17-93	08-29-95	12-06-96-DD
		Certain iron-metal castings (R 1993)	11-14-94	05-22-96	12-06-96-DD
Israel		Certain iron-metal castings (R 1994)	11-16-95	12-06-96	
		Industrial phosphoric acid (R 1992)	09-30-93	03-04-96	06-06-96-DD
		Industrial phosphoric acid (R 1993)	09-16-94	03-04-96	06-06-96-DD
		Industrial phosphoric acid (R 1994)	09-15-95	06-06-96	10-11-96-DD
		Industrial phosphoric acid (R 1995)	09-17-96		
Italy	Certain pasta	06-08-95	10-17-95	07-24-96-DD	
Malaysia		Certain pasta (R)	10-10-96		
		Extruded rubber thread (R 94-95)	09-15-95	06-11-96	10-25-96-DD
Mexico		Extruded rubber thread (R 95-96)	09-17-96		
		Cut-to-length carbon steel plate (R)	09-15-95	01-26-96-TRM	
		Cut-to-length carbon steel plate (R 95-96)	09-17-96	12-27-96-TRM	
		Leather wearing apparel (R)	05-15-95	03-29-96-TRM	
Netherlands		Porcelain-on-steel cooking ware (R)	07-20-95	01-19-96	03-15-96-DD
		Standard chrysanthemums (R 1992)	05-06-93	05-06-96	09-11-96-DD
		Standard chrysanthemums (R 1993)	04-15-94	05-06-96	09-11-96-DD
		Standard chrysanthemums (R 1994)	04-14-95	05-06-96	09-11-96-DD
		Shop towels (R 92-93)	05-06-93	09-25-96	
		Shop towels (R 93-94)	04-15-94	09-25-96	
Pakistan		Shop towels (R 95-96)	04-25-96	05-24-96-TRM	
		Antifriction bearings (not tapered roller) (R)	04-27-95	04-27-95	05-08-96-TRM
Singapore		Ball bearings (R)	06-15-95	07-01-96-TRM	
		Cylindrical roller bearings (R)	06-15-95	07-01-96-TRM	
		Needle roller bearings (R)	06-15-95	07-01-96-TRM	
		Refrigeration compressors (R 92-93)	12-20-93	11-18-94	03-13-96-DD
		Refrigeration compressors (R 93-94)	12-15-94	06-10-96	08-28-96-DD
		Refrigeration compressors (R 94-95)	12-15-95		
		Refrigeration compressors (R 95-96)	12-13-96	08-28-96	
		Spherical roller bearings (R)	06-15-95		
		Spherical plane bearings (R)	06-15-95		
		Ferrochrome (R 1992)	05-06-93	12-13-96	
		Ferrochrome (R 1994)	05-10-95		
	South Africa		Carbon steel products (R 1993)	11-14-94	12-13-96
Sweden		Carbon steel products (R 1994)	11-14-94	08-24-95	02-12-96-DD
		Cut-to-length carbon steel plate (R 1994)	11-16-95	12-03-96	
		Cut-to-length carbon steel plate (R 1995)	09-15-95	10-03-96	
		Rayon staple fibre (R 95-96)	09-17-96	12-03-96-TRM	
Thailand		Ball bearings and parts thereof (R)	06-25-96		
		Ball bearings and parts thereof (R)	06-01-95	12-07-95	05-08-96-TRM
		Ball bearings and parts thereof (R)	06-15-95	07-03-96	05-08-96-TRM
		Carbon steel butt-weld pipe fittings (R)	03-08-93	11-22-95	02-09-96-DD
		Certain apparel (R)	04-14-95	03-13-96-TRM	
Turkey		Circular welded carbon steel pipes/tubes (R 1994)	09-15-94	05-20-95	09-20-96-DD
		Textile mill products (R)	04-15-94	08-02-95	01-29-96-DD
		Certain pasta	06-08-95	10-17-95	07-24-96-DD
		Welded carbon steel pipes and tubes (R 95-96)	04-25-96		08-08-96-TRM

**Table A-2—Continued**  
**Countervailing duty actions reported by signatories to the GATT Committee on Subsidies and Countervailing Measures during 1996**  
**(final report)**

Reporting country	Country of origin	Product	Initiation date <sup>1</sup>	Provisional measures <sup>2</sup>	Date and final outcome <sup>3</sup>
United States—Continued	United Kingdom	Certain hot-roll, carbon steel products (R 94-95)	04-14-95	05-06-96	11-14-96-DD
		Certain hot-roll, carbon steel products (R 95-96)	04-25-96		
Venezuela.....	European Union	Blue-veined cheese	03-27-96 (R)		12-19-96-DD
		Gruyère- type cheese	03-27-96 (R)		12-19-96-DD
		Semi-hard cheese	03-27-96 (R)		12-19-96-DD

Initiation date codes: R = Review of existing countervailing measures.

Provisional measures codes: NPF = Negative preliminary finding; R = Revision.

Final outcome codes: DD = Definitive duty; ND = No dumping; NI = No injury; PU = Price undertaking\*; R = Revision; TRM = Termination. \*The price undertaking code under the GATT Subsidies Agreement is more properly an undertaking related to a subsidy that affects the final price of the good in question.

Source: WTO.