The Year in Trade 2021

Operation of the Trade Agreements Program
73rd Report
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This report is the 73rd in a series of annual reports submitted to the U.S. Congress under section 163(c) of the Trade Act of 1974 (19 U.S.C. § 2213(c)), under predecessor legislation, and pursuant to request. Section 163(c) states that “the International Trade Commission shall submit to the Congress at least once a year, a factual report on the operation of the trade agreements program.”

This report is one of the principal means by which the U.S. International Trade Commission provides Congress with factual information on the operation of the U.S. trade agreements program for 2021. The “trade agreements program” includes “all activities consisting of, or related to, the administration of international agreements which primarily concern trade and which are concluded pursuant to the authority vested in the President by the Constitution” and by congressional legislation.
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<td>wheat, rice, and corn</td>
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Global Trade Environment in 2021

In 2021, the international trade community continued to be impacted by the COVID-19 pandemic, which was in its second year. According to aggregate measures of economic performance—GDP growth, manufacturing output, and international trade—the 2021 global economy not only rebounded from 2020 lows but exceeded the pre-pandemic levels of 2019. Yet, as economies adjusted to the medium-term impact of the pandemic, recovery was uneven both over time and geographically. For example, recovery was interrupted or hampered by the emergence of new COVID-19 variants, uneven distribution of and access to vaccines, and the intermittent return of restrictive measures aimed at curbing the spread of the virus. The resurgence of containment measures in 2021 again contributed to supply chain and labor disruptions prevalent in the previous year, compounded further by existing material shortages, increases in input pricing, and bottlenecks in transportation and logistics. As these challenges persisted and intensified in the latter half of 2021, indicators of economic recovery began to slow.

Although demand trends remained responsive to pandemic-related needs, 2021 also showed signs of normalization toward pre-pandemic preferences. For example, trade in textiles and apparel, as well as communications and office equipment remained above average in the first half of 2021, driven by continued demand for personal protective equipment and work-from-home technology. However, in the second half of 2021, renewed worldwide demand for energy-related products, minerals, and metals outpaced all other merchandise sectors. Demand for services—particularly those related to transportation and travel—remained below pre-pandemic levels, while services related to remote work and mobile finance experienced continued high demand in 2021.

Global Macroeconomic Trends

Global gross domestic product (GDP): Global economic growth experienced a strong recovery in 2021, growing by an estimated 6.1 percent following a 3.1 percent contraction in 2020. Emerging market and developing economies grew fastest, by 6.8 percent, followed by advanced economies, which grew by 5.2 percent. The real GDP of the United States grew by 5.7 percent, greater than the average of advanced economies. China, India, and the United Kingdom (UK) were among the few economies that expanded by more than 7.0 percent in 2021. However, global supply and labor disruptions, resurging COVID-19 infections, and increased price pressures served as significant headwinds during the second half of the year.

Manufacturing output: In the wake of significant contractions in 2020, manufacturing output increased in most countries across the globe in 2021. Global manufacturing production grew by 9.4 percent, showing a strong recovery from the 4.2 percent decline in 2020. Growth in emerging and industrializing economies drove manufacturing expansion, led chiefly by China and India. Electrical equipment, motor vehicles, and “other manufacturing” sectors recorded the largest expansions in output across countries with available data.
Labor: Total hours worked, a proxy for the health of the global labor market, partially recovered from 2020 lows. However, global working hours remained 4.3 percent below pre-pandemic levels, as working hours in high-income and upper-middle-income economies increased faster throughout the year than that of middle- and low-income economies. China was among the few countries for which working hours exceeded pre-pandemic levels.

Foreign direct investment (FDI): Global FDI experienced a strong recovery in 2021, with total FDI inflows having increased 64.3 percent from 2020 and exceeded pre-pandemic 2019 levels by reaching $1.6 trillion. FDI inflows into developed economies drove the recovery, growing by more than 133.6 percent from 2020. Following a double-digit decline in 2020, announced greenfield projects in electronics and electrical equipment experienced a notable 156 percent increase in 2021. Greenfield investments in construction, pharmaceuticals, and information and communications also recorded significant growth above 20 percent.

Exchange rates: In 2021, the value of the U.S. dollar fluctuated against several major trading partner currencies before a relatively strong end-of-year performance against the Japanese yen and the euro. The dollar appreciation was driven in large part by 11.6 percent and 8.3 percent gains against the yen and euro, respectively. The U.S. dollar increased by as much as 9.6 percent against the Mexican peso in early 2021, before ending the year with a 2.9 percent gain. Conversely, the U.S. dollar fell in value against the Canadian dollar and British pound for most of the year before recovering and eventually modestly appreciating against both currencies near the end of 2021. The U.S. dollar fell by 1.4 percent against the Chinese yuan, countering the broader trend of a U.S. dollar appreciation during the year.

Global Trade Trends

Global merchandise trade: In 2021, global merchandise trade in value terms increased significantly by 26.1 percent from the 2020 level, compared to a decline of 7.6 percent from 2019 to 2020. Based on the limited merchandise trade statistics, global trade of most products experienced increases from the 2020 level. The most notable year-on-year increases were in the sectors of minerals; office and communications equipment; and other manufacturing. Despite significant increases in trade in the first half of 2021, some of these same sectors experienced a significant deceleration in year-on-year growth beginning in June, as demand for goods sectors that surged in response to the COVID-19 pandemic (e.g., durable communications and office equipment and textiles and apparel) waned. Transport equipment continued to lag far behind other manufacturing sector trade in terms of growth, registering persistent declines in global trade throughout the first three quarters of 2021.

Global services trade: Global services trade began to recover from COVID-19 pandemic-related declines in 2021. From 2020 to 2021, global commercial service exports increased by 16.8 percent to $5.9 trillion. However, overall trade levels still fell short of pre-pandemic 2019 levels. World exports of “other commercial services” grew 14.3 percent, of which computer, financial, and business services represented the main drivers of growth. From 2020 to 2021, other services export categories also grew, increasing by 34.3 percent in transportation, 7.4 percent in travel, and 11.7 percent in goods-related services. Travel and transportation export levels in 2021 still fell short of 2019 levels. Remote work continued to be a significant feature of professional services sectors, and financial services saw strong growth in mobile money services adoption, both demonstrating lasting pandemic-related trends.
Global supply chains: Significant supply chain disruptions in 2021 affected consumers and producers alike. Consumers sometimes faced limited availability of goods, while experiencing unusually long wait times to receive products they ordered. Producers grappled with intermittent shortages of inputs and labor, as well as persistent long lead times. Supply chain disruptions cascaded throughout the economy, leading to rising goods prices, adding to upward inflationary pressure, and hindering the economic recovery from the COVID-19 pandemic-related downturn in 2020. The International Monetary Fund estimated that in 2021, global supply chain disruptions reduced global GDP growth by 0.5–1.0 percentage point, while adding 1.0 percentage point to core inflation. However, according to the World Trade Organization, supply chain issues may have hindered trade but likely had a limited impact on global merchandise trade aggregates, which continued to grow in 2021. Among the top drivers of supply chain disruptions in 2021 were the resurgence of restrictive COVID-19 pandemic-related policies, labor and material shortages, increases in input pricing, transportation and logistics disruptions, port congestion, and container shortages.

Key Developments in 2021

Administration of U.S. Trade Laws and Regulations

Safeguard investigations: During 2021, the United States had two global safeguard measures in effect under the Trade Act of 1974 (Trade Act): one on solar cells and modules, and the other on large residential washers. The measure on large residential washers was extended for two additional years, effective February 8, 2021. In August 2021, the U.S. International Trade Commission (Commission or USITC) instituted an investigation on solar cells and modules, following receipt of two petitions filed by domestic producers of the product seeking extension of the measure. In February 2021, the Commission made a unanimous negative determination under section 202(b) of the Trade Act with respect to imports of fresh, chilled, or frozen blueberries.

Section 301 investigations: Active section 301 investigations in 2021 covered technology transfer, intellectual property, and innovation practices in China; taxes on digital services proposed or adopted by France and other jurisdictions; large civil aircraft subsidies by the European Union (EU) and certain member states; and currency and timber-related activities in Vietnam.1

Technology transfer, intellectual property, and innovation practices in China: In 2021, the U.S. Trade Representative announced an additional extension of certain existing product exclusions. The Office of the U.S. Trade Representative (USTR) is currently in the process of reviewing the public comments on the potential reinstatement of the 549 previously extended exclusions.

Digital services taxes (DSTs): After previously finding in 2020 that the DST adopted by France was subject to action under section 301, in 2021, USTR found that DSTs adopted by Austria, India, Italy, Spain, Turkey, and the UK were also subject to action under section 301. USTR further found that four jurisdictions with proposed DSTs—Brazil, the Czech Republic, the EU, and Indonesia—had not adopted

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1 The UK formally withdrew from the EU on January 31, 2020. In this report, the EU refers to the remaining 27 member countries (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden), and EU data exclude the UK for the entire time series.
or implemented the DSTs under consideration when the section 301 investigations were initiated and therefore the respective investigations would be terminated without further proceedings. Later in 2021, the United States and 136 other member jurisdictions joined the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” adopted by the Organisation for Economic Co-operation and Development (OECD) and the G20. Afterward, the United States, Austria, France, Italy, Spain, and the UK reached a political compromise, and the United States subsequently terminated the existing section 301 trade actions on goods of those states. The United States also made similar agreements separately with Turkey and India, which also resulted in the United States terminating its existing section 301 actions against each country.

**Large civil aircraft subsidies:** In 2021, the United States announced similar yet separate cooperative frameworks with the EU and the UK to address the large civil aircraft disputes by suspending the tariffs related to these disputes for five years and agreeing upon a set of principles to guide the cooperation between them in this sector. In line with the framework, the U.S. Trade Representative determined to suspend the action resulting from the section 301 investigation for five years beginning July 4, 2021, with respect to tariffs on goods of the UK, and beginning July 11, 2021, with respect to tariffs on goods of EU member states.

**Vietnam currency:** In 2021, the U.S. Trade Representative determined that Vietnam’s acts, policies, and practices related to the undervaluation of its currency were unreasonable under U.S. and international norms. The U.S. Trade Representative further determined that these activities constitute a burden or restriction on U.S. commerce and, accordingly, are actionable under section 301(b) of the Trade Act. The U.S. Trade Representative ultimately determined that no action under the section 301 investigation was warranted at the time in light of an agreement between U.S Treasury and the State Bank of Vietnam regarding currency practices.

**Vietnam timber:** In 2021, the U.S. Trade Representative announced that the United States and Vietnam had reached an agreement addressing U.S. concerns about Vietnamese timber, which related to Vietnam’s import and use of alleged illegally harvested and traded timber. USTR will monitor Vietnam’s implementation of the commitments it made in the agreement.

**Special 301 investigations:** USTR conducts an annual review of the state of intellectual property rights (IPRs) enforcement and protection among U.S. trading partners pursuant to section 182 of the Trade Act (also known as “special 301”). To aid in the administration of the statute, USTR publishes a watch list and a priority watch list identifying countries with particular IPR-related problems. In its 2021 *Special 301 Report*, USTR placed nine countries on its priority watch list: Argentina, Chile, China, India, Indonesia, Russia, Saudi Arabia, Ukraine, and Venezuela. USTR removed one country, Algeria, from the previous year’s list of priority watch countries based on the country’s efforts to increase engagement and cooperation with stakeholders, improve enforcement efforts, and reduce IP-related market access barriers.

**Antidumping duty (AD) investigations:** The Commission instituted 30 new antidumping investigations under Title VII of the Tariff Act of 1930 and made 21 preliminary determinations and 83 final determinations in 2021. As a result of the affirmative final U.S. Department of Commerce (USDOC) and Commission determinations, the USDOC issued 82 antidumping duty orders on 24 products from 37 countries in 2021.
**Countervailing duty (CVD) investigations:** The Commission instituted 16 new countervailing duty investigations under Title VII of the Tariff Act of 1930, and made 11 preliminary determinations and 30 final determinations in 2021. The USDOC issued 30 countervailing duty orders on 21 products from 14 countries in 2021 as a result of the affirmative USDOC and Commission determinations.

**AD/CVD Reviews:** The USDOC initiated, and the Commission instituted 114 reviews of existing AD/CVD orders or suspended investigations, as required by law, either five years after initial publication or five years after publication of a subsequent determination to continue them. The Commission completed 56 reviews, resulting in the continuation of all 56 AD/CVD orders.

**Section 129 determinations:** Neither the USDOC nor the Commission made any determinations during 2021 under section 129 of the Uruguay Round Agreements Act, nor were any proceedings in process.

**Section 337 investigations:** During calendar year 2021, there were 127 active section 337 investigations and ancillary proceedings alleging unfair practices in the import trade, such as the importation of products that infringe valid and enforceable U.S. patents. Seventy-three of these proceedings were instituted in 2021: 52 were new section 337 investigations and 21 were new ancillary (secondary) proceedings relating to previously concluded investigations. The Commission completed a total of 67 investigations and ancillary proceedings under section 337 in 2021, and issued 5 general exclusion orders, 8 limited exclusion orders, and 24 cease and desist orders.

Section 337 proceedings active in 2021 involved a broad spectrum of products. Technology products remained the largest category, with about 28 percent of the active proceedings involving computer and telecommunications equipment, and about 14 percent involving consumer electronics. Pharmaceuticals and medical devices were also at issue in about 14 percent of the active proceedings, and automotive, manufacturing, and transportation products were at issue in about 9 percent of the active proceedings. Other products at issue varied widely, ranging from wood-pellet grills to toner cartridges, landscape lights, and baseball bats.

**National security investigations:** During 2021, the USDOC instituted one new investigation under the national security provisions in section 232 of the Trade Expansion Act of 1962. The new investigation assessed the national security implications of imports of neodymium magnets. The investigation relating to vanadium, initiated in 2020, was concluded in 2021 with a negative determination. The previously completed reports pertaining to the investigations on uranium, titanium sponge, grain-oriented electric steel, and automobiles and automobile parts were released to the public. No new section 232 measures were imposed by the President during 2021. Tariff increases imposed in 2017 under section 232 on certain steel and aluminum imports remained in place throughout 2021, though the duties were subject to numerous exclusions and modifications.

**American Manufacturing Competitiveness Act of 2016 (AMCA):** As of the end of 2021, legislation that would extend the AMCA procedures was pending in Congress. Now expired, AMCA set out a procedure for two cycles under which members of the public could submit petitions for temporary duty suspensions or reductions to the Commission, demonstrating that they were likely beneficiaries of the requested duty suspension or reduction. Following receipt of petitions, the Commission evaluated and categorized the petitions in accordance with certain statutory criteria, sought public comment, and then filed preliminary and final reports with the U.S. House of Representatives Committee on Ways and Means and the U.S. Senate Committee on Finance, which made the ultimate decision over whether such
duties were suspended or eliminated. Duty suspensions and reductions from the last cycle were enacted under the Miscellaneous Tariff Bill Act of 2018, following the Commission’s 2017 final report under the AMCA, and expired at the end of 2020.

Section 1205 Updates to the Harmonized Tariff Schedule of the United States (HTS): In January 2020, the World Customs Organization (WCO) accepted the 2022 Edition of the Harmonized System, which contained about 350 separate amendments relating to a wide range of products and product groups. As part of the process of incorporating these amendments into the HTS, the Commission published a draft recommendations report, on which the public was asked to comment, in November 2020, and a final recommendation report in April 2021. As required by section 1205 of the Omnibus Trade and Competitiveness Act of 1988, the Commission transmitted its recommendations to the U.S. Trade Representative, who then transmitted the report to the Committee on Ways and Means of the U.S. House of Representatives and the U.S. Senate Committee on Finance. After the statutorily prescribed layover period, the President issued Proclamation No. 10326 on December 23, 2021, which incorporated by reference the Commission publication Modifications to the Harmonized Tariff Schedule of the United States under Section 1206 of the Omnibus Trade and Competitiveness Act of 1988 and for Other Purposes. That publication modified the HTS to implement the 2022 Harmonized System Mandates. Those modifications became effective per Proclamation No. 10326 on January 27, 2022.

Trade Adjustment Assistance (TAA): The U.S. Department of Labor (USDOL) administers the TAA for Workers Program, while the USDOC administers the TAA for Firms Program. Effective July 1, 2021, the TAA Program, as amended by the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA) reverted to a previous version of the program, referred to as Reversion 2021. In fiscal year (FY) 2021, the USDOL received 731 petitions from groups of workers seeking benefits, a decline from 1,245 petitions filed in FY 2020. The USDOL certified 801 petitions covering 107,454 workers as eligible to apply for benefits and services under the TAA for Worker Program and denied 217 petitions covering 31,573 workers. In FY 2021, the USDOC certified 117 petitions as eligible for assistance under the TAA for Firms Program and approved 102 adjustment protocols.

Trade Preference Programs

Following a 27.6 percent decline in 2020 compared to pre-pandemic 2019, the value of total U.S. imports entered under all preference programs rose by 22.0 percent from 2020 to 2021. However, the value of total U.S. imports entered under all preference programs remained lower than in 2019. U.S. imports entered under the African Growth and Opportunity Act (AGOA) and the Nepal Trade Preference Program (NTPP) had the largest increases in value from 2020 to 2021. Only the NTTP and the Caribbean Basin Economic Recovery Act had a greater U.S. import value compared to 2019 U.S. imports. The utilization rate of trade preference programs, measured by imports entered under specified tariff preference programs as a share of total imports under program-eligible HTS subheadings, decreased from 74.9 percent in 2020 to 61.0 percent in 2021. The utilization rates of all trade preference programs declined in 2021, except for those entered under AGOA (excluding imports under GSP).

Generalized System of Preferences (GSP): With the program’s authorization lapsed for the entirety of 2021, U.S. imports that claimed, but to-date have not received, duty-free treatment under GSP rose by 10.4 percent to $18.7 billion in 2021. These imports accounted for 9.2 percent of total U.S. imports from all GSP beneficiary countries. Indonesia, Thailand, and Cambodia were the top three sources of imports.
entered under the GSP program in 2021. USTR monitored and engaged with the seven beneficiary developing countries which had ongoing country practices reviews, but USTR took no new actions. In 2021, legislation was introduced in Congress that would make certain changes to the program and reinstate the President’s authority to provide duty-free treatment to eligible goods from eligible countries, but the legislation was still pending at the end of 2021.

**Nepal Trade Preferences Program (NTPP):** In 2021, imports under NTPP were nearly $4 million, an increase of almost 60 percent from 2020. These imports represented 3.6 percent of total U.S. imports from Nepal and an increase of 0.8 percentage points from 2020, about equal to the share in 2019.

**African Growth and Opportunity Act (AGOA):** In 2021, 39 sub-Saharan African (SSA) countries were eligible for AGOA preferential benefits. Of these countries, 27 were eligible for AGOA textile and apparel benefits for all or part of 2021. As a result of the 2021 annual AGOA eligibility review, AGOA eligibility was terminated for Ethiopia, Guinea, and Mali, effective January 1, 2022. In 2021, the value of U.S. imports that entered free of duty from beneficiary countries under AGOA (including imports under GSP) was $6.7 billion, an increase of 61.9 percent from 2020. These imports accounted for 24.5 percent of total imports from AGOA countries in 2021. In 2021, imports entering the United States exclusively under AGOA (excluding those entered under GSP) were valued at $6.0 billion, accounting for about 22 percent of U.S. imports from AGOA countries.

**Caribbean Basin Economic Recovery Act (CBERA):** In 2021, 17 countries and dependent territories were eligible for CBERA preferences, among which 8 were eligible for expanded preferences under the Caribbean Basin Trade Partnership Act (CBTPA). In 2021, the total value of U.S. imports entered under CBERA preferences increased 18.7 percent to $2.2 billion. Haiti and Trinidad and Tobago were the top suppliers of U.S. imports under CBERA; methanol, crude petroleum, and apparel were the top imported products. Imports entered under CBERA accounted for 25.0 percent of all imports from CBERA beneficiary countries in 2021.

**Haiti Initiatives:** The Haitian Hemispheric Opportunity through Partnership Encouragements Acts of 2006 and 2008 (HOPE Acts) and the Haiti Economic Lift Program Act of 2010 (HELP Act) amended CBERA to provide additional benefits only to Haiti. Significantly, these benefits give Haitian producers more flexibility in sourcing yarns and fabrics beyond the preferences available under CBTPA. Apparel is the primary U.S. import from Haiti under CBERA. Most U.S. textiles imports from Haiti (74.0 percent) entered under the more liberal HOPE/HELP preference rules, and 99.0 percent of all U.S. textiles and apparel imports from Haiti in 2021 entered under one of the CBERA-related programs.

**The World Trade Organization**

**WTO developments in 2021:** Due to the ongoing COVID-19 pandemic, the Twelfth WTO Ministerial Conference was again postponed, from November 2021 to June 2022. During 2021, members of the General Council selected Dr. Ngozi Okonjo-Iweala of Nigeria as the seventh WTO Director-General. Negotiations continued on selected plurilateral agreements, such as electronic commerce, fisheries subsidies, and services. Throughout the year, meetings continued between the cosigners of a proposed waiver for all WTO members of certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights in relation to the prevention, containment, and treatment of COVID-19.
U.S. concerns about WTO dispute settlement: In 2021, USTR reaffirmed the finding of its February 2020, Report on the Appellate Body of the World Trade Organization, which set out U.S. concerns about the operation of the WTO dispute settlement, particularly at the Appellate Body level. The February 2020 Report identified seven areas of concerns in which the Appellate Body had exceeded its authority, stating the Appellate Body had “taken away rights and imposed new obligations through erroneous interpretations of WTO agreements.” The United States continued to express such concerns at DSB meetings during 2021 about the Appellate Body’s disregard for the rules set by WTO members, adding to or diminishing rights or obligations under the WTO Agreement. The United States also expressed concern about appellate reports going far beyond the text of the WTO agreements setting out WTO rules in areas as varied as subsidies, antidumping and countervailing duties, standards under the Technical Barriers to Trade (TBT) Agreement, and safeguards. The United States stated that, as a result, the United States was not prepared to agree to launch the process to fill vacancies on the Appellate Body without WTO members engaging with and addressing these critical issues. Consequently, there are no Appellate Body members to hear appeals.

WTO dispute settlement: During 2021, WTO members filed nine new requests for dispute settlement consultations. This number was the second-lowest number for any year since the establishment of the WTO in 1995, and sharply lower than the 20 requests filed during 2019 and 38 filed during 2018. It was also the first year since the establishment of the WTO that the United States was not named either a complaining or a respondent party in a request for consultations initiating a new dispute. Eight countries—Costa Rica, Malaysia, Japan, Australia, China, the EU, Saudi Arabia, and Brazil—filed new requests for consultations, and only Costa Rica filed more than one new request. One new dispute settlement panel was established during 2021 in which Hong Kong alleged that certain U.S. measures concerning the origin marking requirement applicable to goods produced in Hong Kong appear to be inconsistent with certain articles of the General Agreement on Tariffs and Trade (GATT) 1994, the Agreement on Rules of Origin, and the TBT Agreement.

During 2020, the WTO dispute settlement panels issued reports in three disputes to which the United States was a party (DS539: United States—Anti-Dumping and Countervailing Duties on Certain Products and the Use of Facts Available; DS562: United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products; and DS577: United States—Anti-dumping and Countervailing Duties on Ripe Olives from Spain). With respect to case DS539, the United States notified the DSB on March 19, 2021, of its decision to appeal certain issues of law covered in the panel report. With respect to case DS562, the panel rejected all of China’s claims and made no recommendation to the WTO Dispute Settlement Body (DSB) pursuant to Article 19.1 of the WTO Dispute Settlement Understanding. China subsequently notified the DSB on September 16, 2021, of its decision to appeal to the Appellate Body certain issues of law and legal interpretations in the panel report. With respect to case DS577, the panel found that the USDOC acted inconsistently with the SCM Agreement and GATT 1994, but rejected the EU’s claims concerning the Commission’s injury determination. The DSB adopted the panel report on December 20, 2021.

Developments at the Compliance Level in Two U.S. and EU Disputes on Large Civil Aircraft: In March 2021, the EU and the UK, and the United States, each agreed to suspend countermeasures imposed following arbitration awards won in 2020. These awards at the compliance level were in response to disputes filed years earlier relating to subsidies provided to domestic producers of large civil aircraft—subsidies provided by the EU to Airbus and by Washington State to Boeing. In June 2021, the United
States reached understandings on cooperative frameworks with the EU and the UK, respectively, announcing that each party intends not to impose the WTO-authorized countermeasures for a period of five years starting from July 2021. The frameworks also addressed issues such as the establishment of respective U.S.-EU and U.S.-UK working groups on large civil aircraft, the provision of financing to respective large civil aircraft producers on market terms, and the provision of R&D funding for respective large civil aircraft producers through open and transparent processes that do not cause negative effects to the other side.

Selected Regional and Bilateral Activities

Organisation for Economic Co-operation and Development (OECD): Chaired by the United States, the OECD Ministerial Council Meeting convened in 2021 under the theme of “Shared Values: Building a Green and Inclusive Future.” Ministers discussed near-term issues such as the lessons learned from the COVID-19 pandemic, and the priorities for the near-term recovery, as well as medium- and long-term issues, such as international trade, climate change, digital transformation, inclusive growth, gender equality, anti-bribery, and international tax. In 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) made notable progress toward building consensus on addressing international taxation issues. As of November 4, 2021, 137 countries and jurisdictions had joined an political agreement consisting of two pillars. Pillar One suggests that some taxing rights over multinational enterprises would be reallocated to the markets where their business activities take place, regardless of whether firms have a physical presence there. Pillar Two stipulates agreement on a minimum 15 percent tax rate, starting in 2023, for multinational enterprises with revenue above €750 million (equivalent to about $887 million in 2021).

Asia-Pacific Economic Cooperation (APEC): In 2021, under New Zealand’s leadership, APEC adopted the theme “Join, Work, Grow. Together,” with the following policy priorities: (1) “economic and trade policies that strengthen recovery, with a focus on the right macroeconomic, microeconomic and trade policy choices”; (2) “increasing inclusion and sustainability for recovery by building a better society for all people and generating a green recovery;” and (3) “pursuing innovation and a digitally enabled recovery by accelerating the APEC region’s work in these areas.” Among the top APEC 2021 agenda items were the responses to the COVID-19 pandemic and the improvement of supply chain performance.

Trade and Investment Framework Agreements (TIFAs): By year end 2021, the United States had entered 60 TIFAs. The U.S.-Paraguay TIFA, originally signed in 2017, entered into force in March 2021. A number of developments and TIFA Council meetings took place in 2021, including those with Argentina, the Association of Southeast Asian Nations, Brazil, Burma, Central Asia, Ecuador, Fiji, Nigeria, Paraguay, Philippines, Taiwan, Tunisia, Ukraine, United Arab Emirates, and Uruguay.

Trade Partnerships: In 2021, the United States launched two significant trade partnerships with major partners; the EU and India. During the inaugural meeting of the U.S.-EU Trade and Technology Council, leaders from both economies outlined their major areas of focus: (1) nonmarket economy policies and practices, (2) barriers to trade in emerging technology products and services, (3) labor rights and “decent work,” (4) child and forced labor, (5) resilient and sustainable global supply chains, and (6) trade and environment. The U.S.-India Trade Policy Forum and its four working groups on agriculture, non-agriculture goods, services and investment, and IP were successfully relaunched in 2021. At its first
ministerial-level meeting in November 2021, senior government representatives of each country committed to finalizing work on market access facilitation for various agriculture products, among other issues. For more information, see chapter 6.

### U.S. Free Trade Agreements

As of December 31, 2021, the United States was party to 14 free trade agreements (FTAs) involving a total of 20 countries (table ES.1).

**Table ES.1** U.S. free trade agreements (FTAs) in force as of December 31, 2021

<table>
<thead>
<tr>
<th>FTA</th>
<th>Date of signature</th>
<th>Date of entry into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-Israel FTA</td>
<td>April 22, 1985</td>
<td>August 19, 1985</td>
</tr>
<tr>
<td>U.S.-Jordan FTA</td>
<td>October 24, 2000</td>
<td>December 17, 2001</td>
</tr>
<tr>
<td>U.S.-Chile FTA</td>
<td>June 6, 2003</td>
<td>January 1, 2004</td>
</tr>
<tr>
<td>U.S.-Singapore FTA</td>
<td>May 6, 2003</td>
<td>January 1, 2004</td>
</tr>
<tr>
<td>U.S.-Australia FTA</td>
<td>May 18, 2004</td>
<td>January 1, 2005</td>
</tr>
<tr>
<td>U.S.-Bahrain FTA</td>
<td>September 14, 2004</td>
<td>August 1, 2006</td>
</tr>
<tr>
<td>Dominican Republic-Central America FTA (CAFTA-DR)</td>
<td>May 28, 2004; August 5, 2004</td>
<td>March 1, 2006–January 1, 2009 (various dates)</td>
</tr>
<tr>
<td>U.S.-Oman FTA</td>
<td>January 19, 2006</td>
<td>January 1, 2009</td>
</tr>
<tr>
<td>U.S.-Peru TPA</td>
<td>April 12, 2006</td>
<td>February 1, 2009</td>
</tr>
<tr>
<td>U.S.-Colombia TPA</td>
<td>November 22, 2006</td>
<td>May 15, 2012</td>
</tr>
<tr>
<td>U.S.-Panama TPA</td>
<td>June 28, 2007</td>
<td>October 31, 2012</td>
</tr>
<tr>
<td>United States-Mexico-Canada Agreement (USMCA)</td>
<td>November 30, 2018</td>
<td>July 1, 2020</td>
</tr>
</tbody>
</table>

Note: The U.S.-Jordan FTA was fully implemented on January 1, 2010. CAFTA-DR is an FTA between the United States and six countries in Central America and the Caribbean, and is composed of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. The Central American parties and the United States first signed the agreement on May 28, 2004, and all parties including the Dominican Republic signed on August 5, 2004. CAFTA-DR entered into force between the United States and Costa Rica on January 1, 2009; between the United States and the Dominican Republic on March 1, 2007; between the United States and Guatemala on July 1, 2006; between the United States and Honduras and Nicaragua on April 1, 2006; and between the United States and El Salvador on March 1, 2006. On July 1, 2020, the USMCA replaced NAFTA which had entered into force on January 1, 1994.

**U.S. imports under FTAs:** The value of U.S. merchandise imports entered under FTA provisions (hereafter FTA imports) increased 18.7 percent compared to 2020, totaling $417.0 billion in 2021. FTA imports accounted for 43 percent of total U.S. imports from FTA partners and 14.8 percent of U.S. imports from the world. FTA imports from all partners increased in 2021, except for those from Panama, which fell by 2.0 percent. Of the 14 FTAs, FTA imports under the United States-Mexico-Canada Agreement (USMCA) accounted for more than three-quarters of total FTA imports. U.S. imports entered under the USMCA increased by 17.1 percent, while U.S. imports entered under all 13 remaining other FTAs combined increased by 24.5 percent.

**U.S.-Mexico-Canada Trade Agreement (USMCA) Implementation:** The USMCA entered into force on July 1, 2020, superseding the North American Free Trade Agreement (NAFTA). The USMCA maintains tariff preferences at zero duty rates that were in place under NAFTA, modifies the investor-state dispute
settlement mechanism with respect to Mexico, and includes additional obligations covering, for example, labor rights, environmental protection, good regulatory practices and digital trade. In contrast to NAFTA, the USMCA’s labor and environment obligations are fully enforceable under the agreement.

**Free Trade Commission:** During the first Free Trade Commission meeting, the Ministers of the three countries reviewed the work of the committees established by the USMCA, which have convened virtual meetings since July 1, 2020. The committees include Rules of Origin and Origin Procedures; Textiles and Apparel Trade Matters; Trade Facilitation; Sanitary and Phytosanitary Measures; Technical Barriers to Trade; Transportation Services; Financial Services; Intellectual Property Rights; State-Owned Enterprises and Designated Monopolies; Small and Medium-Sized Enterprises (SMEs); Competitiveness; Good Regulatory Practices; Agricultural Trade; Working Group for Cooperation on Agricultural Biotechnology; Labor Council; Environment Committee; and Temporary Entry. The United States, Mexico, and Canada also held ministerial-level discussions on the USMCA’s labor and environment obligations.

**Labor:** The Labor Council convened its first meeting on June 29, 2021, via videoconference and hosted by the United States. During the meeting, the Council discussed several topics, including (1) the ongoing implementation of Mexico’s recent labor law reform; (2) the Agreement’s requirement that each party prohibit the importation, into its territory, of goods produced in whole or in part by forced or compulsory labor; (3) key labor policies for migrant workers; and (4) areas for ongoing and future cooperation and technical capacity building. The Council also held a virtual public session where workers, employers, civil society organizations, and the public contributed to a discussion related to the implementation of the Labor Chapter of the USMCA. Also, the Independent Mexico Labor Expert Board delivered its second report to the Interagency Labor Committee and the U.S. Congress on July 7, 2021, indicating that while Mexico has made significant progress in the implementation of its Labor Law Reform, the Board identified a “number of serious concerns with Mexico’s labor law enforcement process and implementation of its labor reform.” Finally, in 2021, the United States requested reviews under the Rapid Response Mechanism against two facilities operating in Mexico: one concerning a General Motors facility in Silao, Mexico, and another concerning Tridonex, an automotive parts facility in Matamoros, Mexico. A resolution to these two requests for review was reached expeditiously (further information is under the Dispute Settlement section below).

**Environment:** The Environment Committee, chaired by Canada, held its inaugural meeting on June 17, 2021. At the inaugural meeting parties provided updates on their efforts in implementing the USMCA environment commitments and held a discussion on law enforcement cooperation to stem wildlife trafficking and trade in illegally harvested timber. Also, the Council for the Commission for Environmental Cooperation (CEC) met virtually on September 9–10, 2021, for its first regular session under the USMCA and the Agreement on Environmental Cooperation Among the Governments of the United States of America, United Mexican States, and Canada (ECA) to affirm the obligation to support the implementation of the USMCA Environment Chapter, recognize the importance of cooperation to achieve shared environmental goals, and promote sustainable development with strengthened trade and investment relations that will benefit communities across North America. In 2021, the CEC continued the practice of reporting on actions taken on public submissions on enforcement matters. At
the end of 2021, six submissions remained open: one involving the United States and five involving Mexico.

Small and Medium-Sized Enterprises (SMEs): In July 2021, the SME Committee organized a trilateral webinar on the topic “Accessing USMCA Markets with E-Commerce: Tools for SMEs” to increase online international sales. During the webinar, attended by over 600 SMEs from the three countries, women-owned SMEs shared best practices in expanding export sales into the North American markets, including through the use of electronic commerce. Webinar participants also received information about government resources. In addition, in 2021, the SME Committee launched a pilot network of small business development center/SME counselors among the United States, Mexico, and Canada to share best practices and help SME clients prepare for new trade opportunities under the USMCA. The SME Dialogue organized an online webinar scheduled to take place on April 22, 2022. It was convened by USTR, the USDOC, and the U.S. Small Business Administration (SBA), together with the Global Affairs Canada and Canada’s Trade Commissioner Service, and the Ministry of the Economy of Mexico.

Rules of Origin: The Interagency Committee on Trade in Automotive Goods (Interagency Autos Committee) met in 2021 to monitor the implementation of the USMCA’s automotive rules of origin, including the alternative staging regime and implementation of the Uniform Regulations. In June 2020, the Interagency Autos Committee published the Uniform Regulations, which included provisions related to the rules of origin for automotive goods. The Uniform Regulations are intended to assist North American automotive producers, exporters, and importers in ensuring that all USMCA countries share the same interpretation, application, and administration of the automotive rules contained in the USMCA. In August 2021, Mexico and Canada requested consultations with the United States regarding its interpretation and application of the rules of origin for automotive goods under the Agreement. Although consultations took place in September 2021, they did not resolve the dispute as of December 31, 2021.

USMCA Dispute Settlement: The principal dispute settlement mechanisms of the USMCA are included in Chapter 10 (Trade Remedies), Chapter 14 (Investment), and Chapter 31 (Dispute Settlement). At the end of 2021, there were seven active cases under review by binational panels established under Chapter 10, Article 10.12. Four cases challenge the USDOC’s antidumping and countervailing duty orders on softwood lumber from Canada, one challenges the Canadian investigating authority’s final antidumping determination on gypsum board, and two challenge the Mexican investigating authority’s final antidumping determination on carbon and certain alloy steel wire rod and steel concrete reinforcing bar.

On May 25, 2021, the United States requested and established a USMCA dispute settlement panel under USMCA’s Chapter 31, to review Canada’s dairy TRQ allocation measures. The panel released its final report on December 20, 2021, and to the public on January 4, 2022. The panel agreed with the United States that Canada’s allocation of dairy tariff-rate quotas (TRQs), specifically the setting aside of a percentage of each dairy TRQ exclusively for Canadian processors, is inconsistent with Canada’s commitment in Article 3.A.2.11(b) of the USMCA not to “limit access to an allocation to processors.” On June 18, 2021, Canada requested the establishment of a USMCA Chapter 31 dispute settlement panel with respect to the U.S. safeguard measures on crystalline silicon photovoltaic cells. In its panel request and subsequent written submissions, Canada alleged that the U.S. President’s decision in 2018 not to exclude Canadian products from the safeguard measure was inconsistent with USMCA Articles 10.2.1,
Executive Summary

10.2.2, 10.2.5(b), 10.3, and 2.4.2. As of December 2021, panel proceedings were ongoing, but a resolution was ultimately reached in July 2022.

In 2021, the United States twice invoked the United States-Mexico Facility-Specific Rapid Response Labor Mechanism against two facilities operating in Mexico: General Motors, in Silao, Mexico, and Tridonex, S. de R.L. de C.V., a subsidiary of Cardone Industries, a Philadelphia-based auto parts manufacturer that supplies the U.S. market, located in Matamoros, Tamaulipas, Mexico. On May 10, 2021, the United States requested that Mexico conduct a review of whether a Denial of Rights was occurring to workers at the General Motors de México facility in Silao, State of Guanajuato, Mexico. On July 8, 2021, the U.S. Trade Representative announced a remediation agreement reached with Mexico that addressed a denial of workers’ right of free association and collective bargaining that Mexico found to have occurred for workers at the General Motors facility. On May 10, 2021, the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) and other organizations filed a petition under the Rapid Response Mechanism with the Interagency Labor Committee against Tridonex. The submission alleged that workers at the Tridonex automotive parts facility were being denied the right of free association and collective bargaining. On August 10, 2021, USTR announced the United States had reached an agreement with Tridonex on a reparation course including severance pay, backpay, and a commitment to neutrality in future union elections.

**NAFTA Dispute Settlement:** The dispute settlement provisions of NAFTA are found in NAFTA’s Chapter 11 (Investment), Chapter 19 (Review and Dispute Settlement in Antidumping/Countervailing Duty Matters), and Chapter 20 (State-to-State Dispute Settlement). During 2021, there were a total of nine pending cases filed under Chapter 11, including three cases against Canada by U.S. investors; four cases filed against Mexico (three filed by U.S. investors and one by Canadian investors); and two cases filed against the United States (one filed by Canadian and Mexican investors, and one filed by Canadian investors). Pursuant to the USMCA Annex 14-C, which addresses the transition between NAFTA and the USMCA for investor-state disputes, these cases may proceed to their conclusion in accordance with Chapter 11 of NAFTA. There were no pending disputes under Chapter 20 (State-to-State Dispute Settlement) in 2021.

As of December 31, 2021, there were seven active binational panels remaining under NAFTA Chapter 19. Two were concerning the USITC’s determinations regarding fabricated structural steel from Canada and Mexico. Other active Chapter 19 cases include challenges to USDOC’s antidumping determinations on fabricated structural steel from Canada, light-walled rectangular pipe and tube from Mexico, and softwood lumber from Canada; a challenge to the USDOC’s antidumping and countervailing duty order on softwood lumber from Canada; and a challenge to the Mexican investigating authority’s final antidumping determination on ammonium sulphate from the United States. Pursuant to the USMCA Chapter 34, which provides the transitional provisions from NAFTA, these panel reviews may proceed to their completion in accordance with Chapter 19 of NAFTA.

**Developments with other FTAs already in force:** U.S. officials engaged with a number of FTA partners of the other 13 U.S. FTAs in force during 2021. Discussions covered a range of trade- and investment-related issues, including with respect to the labor and environmental provisions included in most of these agreements. A new U.S.-Chile work program on environmental cooperation was negotiated for
the period 2021–24. The United States and Singapore also negotiated a new Plan of Action for Environmental Cooperation under their Memorandum of Intent on Environmental Cooperation.

In January 2021, Guatemala published a single customs schedule, which resolved longstanding challenges concerning tariff classification and U.S. preferential access in Guatemala. In February 2021, the United States and Morocco agreed to the use of self-attestations to meet requests made earlier in 2021 by the Moroccan government regarding additional documentation of U.S. beef and beef product exports. Following engagement under multiple U.S.-Colombia TPA committees, the Colombian government announced in December 2021 that its investigation into imports of dairy products from the United States did not find evidence justifying any safeguard measures. The two governments also exchanged letters in July 2021 which further clarified commitments under the U.S.-Colombia TPA by eliminating bureaucratic requirements for U.S. corn exporters.
U.S. Trade in 2021

U.S. Trade Overview

U.S. merchandise trade: U.S. two-way merchandise trade increased by 22.0 percent between 2020 and 2021. U.S. merchandise exports increased by 23.1 percent to $1.8 trillion in 2021, while U.S. merchandise imports increased by 21.3 percent to $2.8 trillion in 2021. As a result, the U.S. merchandise trade deficit increased by almost 18.4 percent to $1.1 trillion in 2021 (figure ES.1). The top destinations for merchandise exports included the EU, Canada, Mexico, China, and Japan, while the top sources of merchandise imports were China, Canada, Mexico, and the EU. U.S. total trade of energy-related products and chemicals and related products experienced the largest increases. Eleven of the 12 sectors that make up U.S. merchandise trade had a trade deficit in 2021. Energy-related products was the only merchandise sector with a trade surplus. For more information on the merchandise sectors referred to in this report, see chapter 6.

U.S. services trade: U.S. cross-border trade increased by 12.6 percent to $1.3 trillion in 2021. However, this value still fell short of 2019 U.S. services trade. The top destinations for services exports included the EU, the UK, Canada, Japan, and China, while the top sources of services imports were the EU, the UK, Japan, Canada, and India. Other business services remained the largest category of both services imports and exports. The strongest services export growth in 2021 was in construction, transportation services and financial services, while the strongest sources of import growth were travel services and transportation services.

Figure ES.1 U.S. trade balance in goods and services, 2007–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.1.

Developments with Selected Major Trading Partners

This report covers U.S. trade development in 2021 with its top five trading partners (the EU, China, Mexico, Canada, and Japan), and two other major trading partners (the UK and India) based on their recent trade policy activities. Two-way merchandise trade and cross-border total services trade with each trading partner are presented in figures ES.2 and ES.3, respectively.

**Figure ES.1 U.S. merchandise trade with selected major trading partners, 2021**

In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.2.

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Figure ES.2 U.S. total services trade with selected major trading partners, 2021

In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.3.


EU: The EU, viewed as a single market, was the United States’ largest merchandise trading partner in total trade in 2021. Total U.S. merchandise trade with the EU increased by 18.0 percent to $762.9 billion in 2021, representing 16.6 percent of U.S. total merchandise trade with the world. The EU remained the top U.S. services trading partner in 2021. U.S. total services trade with the EU increased by 14.4 percent to $325.1 billion in 2021, representing 24.8 percent of U.S. total services trade with the world. Among the major developments in U.S.-EU trade relations in 2021 were the successful negotiation of agreements on post-Brexit TRQs and U.S. imports of steel and aluminum, and the establishment of the U.S.-EU Trade and Technology Council.

Canada: Canada was the United States’ second-largest merchandise trading partner in total trade in 2021. Total U.S. merchandise trade with Canada increased by 26.3 percent to $664.2 billion in 2021, representing 14.5 percent of U.S. total merchandise trade with the world. Canada was the United States’ third-largest services trading partner in 2021. U.S. total services trade with Canada increased by 3.2 percent to $85.6 billion in 2021, representing 6.5 percent of U.S. total services trade with the world. Among the major developments in the U.S.-Canada trade relations in 2021 were the developments in two disputes under Chapter 31 of the USMCA regarding dairy TRQs and solar cells, and changes to Canada’s sanitary and phytosanitary measures and digital services taxes.

Mexico: Mexico was the United States’ third-largest merchandise trading partner in total trade in 2021. Total U.S. merchandise trade with Mexico increased by 23.2 percent to $661.2 billion in 2021, representing 14.4 percent of U.S. total merchandise trade with the world. Mexico was the United States’ fifth-largest services trading partner in 2021. U.S. total services trade with Mexico increased by 41.6
percent to $57.6 billion in 2021, representing 4.4 percent of U.S. total services trade. Among the major developments in the U.S.-Mexico trade relations in 2021 were the re-establishment of the U.S.-Mexico High-Level Economic Dialogue, and engagement regarding Mexico’s recent energy reforms. Regarding labor, two cases were filed by the United States against Mexico under the U.S.-Mexico Facility-Specific Rapid Response Mechanism of the USMCA, resolutions for which were reached as discussed in chapter 5.

**China:** In 2021, China was the fourth-largest U.S. merchandise trading partner in total trade. Total U.S. merchandise trade with China grew by 17.6 percent to $657.4 billion in 2021, representing 14.3 percent of U.S. total merchandise trade with the world. In 2021, China was the sixth-largest U.S. services trading partner. U.S. total services trade with China grew by 1.8 percent to $57.0 billion in 2021, representing 4.3 percent of U.S. total services trade with the world. During 2021, two major focuses of U.S.-China trade relations were continued efforts to achieve implementation of the U.S.-China “Phase One” Agreement, as well as the various measures taken by the U.S. government to prohibit the importation of goods produced by forced or convict labor in China’s Xinjiang region.

**Japan:** Japan was the fifth-largest U.S. merchandise trading partner in total trade in 2021. Total U.S. merchandise trade with Japan increased 14.7 percent to $210.1 billion in 2021, representing 4.6 percent of U.S. total merchandise trade with the world. In 2021, Japan was the fourth-largest trading partner in total U.S. cross-border services trade. U.S. total services trade with Japan decreased by less than 1 percent to $68.3 billion in 2021, representing 5.2 percent of U.S. total services trade with the world. Major developments in U.S.-Japan trade relations in 2021 included the launch of the U.S.-Japan Partnership on Trade and continuation of trilateral meetings among the United States, Japan, and the EU on cooperation on issues arising from nonmarket practices.

**UK:** The UK was the United States’ seventh-largest merchandise trading partner in total trade in 2021. Total U.S. merchandise trade with the UK increased 8.4 percent to $117.8 billion in 2021, representing 2.6 percent of U.S. total merchandise trade with the world. The UK remained the United States’ second-largest services trading partner in 2021. U.S. total services trade with the UK increased by 6.4 percent to $122.5 billion in 2021, representing 9.3 percent of U.S. total services trade with the world. Among the major developments in U.S.-UK trade relations in 2021 were the successful negotiation of an agreement on post-Brexit TRQs, and implementation activities under several agreements preserving the terms of existing U.S.-EU agreements in future trade between the United States and the UK.

**India:** In 2021, India was the United States’ ninth-largest trading partner in total merchandise trade. Total U.S. merchandise trade with India increased by 44.8 percent to $113.4 billion in 2021, representing 2.5 percent of U.S. total merchandise trade with the world. In 2021, India was the United States’ seventh-largest partner in cross-border services trade. U.S. total services trade with India increased 8.2 percent to $45.7 billion in 2021, representing 3.5 percent of U.S. total services trade with the world. Major developments in U.S.-India trade relations in 2021 included the relaunched U.S.-India Trade Policy Forum, the newly launched U.S.-India Climate and Clean Energy Agenda 2030 Partnership, and an agreement on digital services taxes.
Chapter 1
Global Trade Environment in 2021

Introduction

Scope and Approach of the Report

This report provides information on the operation of the U.S. trade agreements program for calendar year 2021. Section 163(c) of the Trade Act of 1974 (19 U.S.C. § 2213(c)) states that “the International Trade Commission shall submit to the Congress at least once a year, a factual report on the operation of the trade agreements program.” Section 1 of Executive Order 11846 defines the trade agreements program to include “all activities consisting of, or related to, the negotiation or administration of international agreements which primarily concern trade,” and section 163(a) of the Trade Act of 1974 sets out the types of information that the President is to include in their annual report to the Congress on the operation of the trade agreements program.

This report provides information on the activities defined in the Executive Order and, the elements set out in section 163(a), to the extent appropriate, where information is publicly available. This year marks the 73rd edition of the report prepared by the U.S. International Trade Commission.

Sources

This report is based on primary-source materials about U.S. trade programs and administrative actions pertaining to them. These materials chiefly reflect U.S. government reports, Federal Register notices, and news releases, including publications and news releases by the Commission and the Office of the U.S. Trade Representative (USTR). Other primary sources of information include publications of international institutions, such as the International Monetary Fund (IMF), World Bank, Organisation for Economic Co-operation and Development (OECD), World Trade Organization (WTO), Asia-Pacific Economic Cooperation (APEC), United Nations, and foreign governments. When primary-source information is unavailable, the report draws on professional journals, trade publications, and news reports for supplemental information.

Like past reports, The Year in Trade 2021: Operation of the Trade Agreements Program uses data from the U.S. Census Bureau (U.S. Census) of the U.S. Department of Commerce (USDOC) for U.S. merchandise trade statistics presented in chapters 2 through 6. Most tables in the report present U.S. merchandise trade statistics using “total exports” and “general imports” as measures, except for data on imports that have entered the United States with a claim of eligibility under trade preference programs.

2 USTR’s 2022 Trade Policy Agenda and 2021 Annual Report includes duplicate page numbers, so to ensure citation accessibility for readers, all page references to this USTR report are the PDF-generated page numbers starting at one and proceeding consecutively.
and free trade agreements (FTAs), as in chapters 2 and 5. Such data require an analysis of U.S. “imports for consumption”—the total of all goods that have been cleared by U.S. Customs and Border Protection (U.S. Customs or CBP) to enter the customs territory of the United States with required duties paid.

Chapter 6 also offers data on U.S. services trade. The information on U.S. cross-border total services trade is based on official statistics for 11 broad categories that are published by U.S. Bureau of Economic Analysis (BEA) under the USDOC.

Also, much of the trade data used in the report, including U.S. merchandise and services trade data, are revised over time, so the trade statistics for earlier years in this report may not always match the data presented in previous reports.

Organization of the Report

This first chapter gives an overview of the global trade environment within which U.S. trade policy was conducted in 2021. Chapter 2 covers the administration of U.S. trade laws and regulations in 2021, including trade preference programs. Chapter 3 reviews U.S. participation in the WTO, including developments in major WTO dispute settlement cases during 2021. Chapter 4 focuses on 2021 developments at the OECD and APEC, as well as developments involving trade and investment framework agreements (TIFAs). Chapter 5 summarizes U.S. negotiation of and participation in FTAs in 2021, and highlights developments in the implementation of the United States-Mexico-Canada Agreement (USMCA). Chapter 6 reviews trade patterns and trade relations with selected major U.S. trading partners.

Global Trade Environment in 2021

This section presents an overview of the global trade environment in 2021—the second year of the COVID-19 pandemic—highlighting global macroeconomic and trade trends, and the impact of continuing global supply chain disruptions.

3 “Total exports” measures the total physical movement of goods out of the United States to foreign countries, whether such goods are exported from the U.S. customs territory or from a U.S. Customs and Border Protection (U.S. Customs or CBP) bonded warehouse or a U.S. foreign-trade zone. The total exports measure is the sum of domestic exports and “foreign exports” (also known as re-exports). “General imports” measures the total physical arrivals of merchandise from foreign countries, whether such merchandise enters the U.S. customs territory immediately or is entered into bonded warehouses or foreign-trade zones under U.S. Customs custody. These two measures—total exports and general imports—are the broadest measures of U.S. merchandise trade reported by the U.S. Census Bureau, and they are used by the U.S. Department of Commerce’s Bureau of Economic Analysis, with adjustments, to report on U.S. trade flows in official government balance of payment statistics. These are also the measures most commonly used internationally. USITC, “A Note on Trade Statistics,” August 22, 2014; USITC, Shifts in U.S. Merchandise Trade, 2014, June 2015, chap. Trade Metrics.

4 These 11 broad services categories are: maintenance and repair services not included elsewhere (n.i.e.); transport; travel; construction; insurance services; financial services; charges for the use of intellectual property; telecommunications, computer, and information services; other business services; personal, cultural, and recreational services; and government goods and services.

5 For more information on the impact of the COVID-19 pandemic on trade in 2020, see USITC, Year in Trade 2020, September 2021, 31–34.
According to gross measures of economic performance—gross domestic product (GDP) growth, manufacturing output, and international trade—the 2021 global economy not only rebounded from 2020 lows, but exceeded the pre-pandemic levels of 2019. Yet, as economies adjusted to the medium-term impact of the pandemic, recovery was uneven both over time and geographically. For example, recovery was interrupted or hampered by the emergence of new COVID-19 variants, uneven distribution of and access to vaccines, and intermittent return of restrictive measures aimed at curbing the spread of the virus. The resurgence of containment measures in 2021 again contributed to supply chain disruptions prevalent in the previous year, compounded further by existing material shortages, increases in input pricing, and transportation and logistics bottlenecks. As these challenges persisted and intensified in the latter half of 2021, indicators of economic recovery began to slow.

Although demand trends remained responsive to pandemic-related needs, 2021 also showed signs of normalization toward pre-pandemic preferences. For example, trade in textiles and apparel, as well as communications and office equipment remained above average in the first half of 2021, driven by continued demand for personal protective equipment and work-from-home technology. However, in the second half of 2021, renewed worldwide demand for energy-related products outpaced all other merchandise sectors. Demand for services—particularly those related to transportation and travel—remained below pre-pandemic levels, while services related to remote work and mobile finance experienced continued high demand in 2021.

**Global Macroeconomic Trends in 2021**

This section presents an overview of macroeconomic conditions in 2021 by describing a series of macroeconomic indicators that provide insight into the overall health of U.S. and global economies. In general, the data show that U.S. and global macroeconomic conditions have continued to improve since reaching lows in the first half of 2020. In 2021, U.S. and global GDP increased by more than 5 percent; the U.S. dollar appreciated vis-à-vis many major trading partner currencies; manufacturing output and employment outcomes also improved for the United States and many economies across the globe. However, lingering production and supply chain disruptions along with increased inflation pressures served as notable headwinds hindering continued recovery during the second half of the year.

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Gross Domestic Product

Global GDP grew by an estimated 6.1 percent in 2021. The global expansion in economic output marks a notable recovery from the 3.1 percent contraction experienced in 2020 and more than double the 2.8 percent growth experienced in 2019. Economic growth during the year was strong with increased GDP for both advanced economies (5.2 percent) and emerging market and developing economies (6.8 percent). China, India, and the United Kingdom (UK) were among the United States’ fastest-growing major trading partners, each experiencing GDP growth rates at or above 7.0 percent. GDP growth in the EU, Canada, and Mexico, while positive, was below the global average during the year (figure 1.1). U.S. real GDP expanded by 5.7 percent in 2021, marking a significant recovery from the 3.5 percent contraction experienced in 2020.

![Figure 1.1 Change in real GDP of the world and selected major economies, 2019–21](chart)

Although most economies experienced a strong rebound in GDP during the full year, the IMF noted several “downside surprises” that impacted the global economy in the second half of 2021. Supply disruptions continued throughout the rest of the year, especially impacting production in Europe and

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14 IMF, *World Economic Outlook, April 2022*, April 19, 2022, 137.
15 For additional details on how the IMF classifies economies by level of development, see IMF, “World Economic Outlook Database, April 2022 Groups and Aggregates,” April 2022.
the United States.\textsuperscript{17} Many parts of the globe also experienced a resurgence in COVID-19 cases leading to further disruptions.\textsuperscript{18} Throughout 2021, global fuel and commodity inflation led to increased prices for energy-related products and food across many parts of the globe.\textsuperscript{19}

**Manufacturing Output**

Global manufacturing production grew by 9.4 percent in 2021.\textsuperscript{20} The manufacturing expansion represented a strong recovery from the 4.2 percent decline recorded in 2020 and the near 1 percent pre-pandemic growth rate in 2019.\textsuperscript{21} Global manufacturing production growth during the year 2021 was led by emerging and industrializing economies.\textsuperscript{22} Manufacturing output grew by 12.3 percent in China, and India also experienced double-digit growth. Industrialized economies experienced slightly lower levels of manufacturing production growth. Among industrialized economies with high levels of manufacturing value added per capita, the EU experienced the strongest expansion in manufacturing output, increasing by 9.1 percent. The UK, United States, and Japan each also experienced manufacturing output expansions of more than 5 percent during 2021 (figure 1.2).\textsuperscript{23}

\begin{footnotesize}
\begin{enumerate}
\item[17] IMF, *World Economic Outlook Update, January 2022*, January 25, 2022, 2. For more information on the impact of these new COVID-19 variants, see the overview of global supply chain disruptions later in this chapter.
\item[18] For more information on the impact of further disruptions of these new COVID-19 variants, see the overview of global supply chain disruptions later in this chapter.
\item[22] For more details on how UNIDO groups countries by stage of development, see UNIDO, “How Does UNIDO Group Countries by Stage of Development?,” accessed May 16, 2022.
\item[23] UNIDO, UNIDO database, *Seasonally Adjusted Quarterly Index of Industrial Production Database*, March 17, 2022.
\end{enumerate}
\end{footnotesize}
The global expansion in manufacturing output recorded in 2021 was driven by broad growth across International Standard Industrial Classification (ISIC) industries (figure 1.3).\textsuperscript{24} Electrical equipment (ISIC 27; up 13.8 percent), motor vehicles (ISIC 29; up 13.0 percent), and other manufacturing (ISIC 32; up 10.9 percent) industries experienced the largest cross-country expansion in manufacturing output. Across countries with available data, tobacco products (ISIC 12), pharmaceuticals (ISIC 21), and food products (ISIC 10) experienced the smallest expansions with output from each industry growing by less than 4.0 percent.

\textsuperscript{24} ISIC represents an internationally recognized standard for classifying production activities and is maintained by the United Nations Statistics Division. Figure 1.3 depicts a simple, unweighted average of industry-level manufacturing output growth in 2021 across countries with available data. The minimum number of countries with available industry-level data to construct the averages featured in figure 1.3 range from 51 countries for “repair and installation of equipment/machinery” (ISIC 33) to 113 countries for total manufacturing output. UNIDO, UNIDO database, \textit{Seasonally Adjusted Quarterly Index of Industrial Production Database}, March 17, 2022.
Estimates of working hours in 2021 show a partial recovery of the global labor market from pandemic lows recorded in 2020, according to the International Labour Organization. However, global working hours remained 4.3 percent below pre-pandemic levels.\textsuperscript{25} Working hours in high-income and upper-middle-income economies increased faster throughout the year than that of middle- and low-income economies.\textsuperscript{26} By the end of 2021, working hours in high-income and upper-middle-income economies remained 3.9 and 1.7 percent below pre-pandemic levels, respectively—notable improvements from the 7.8 and 7.3 percent deficits recorded in 2020.\textsuperscript{27} Lower-middle- and low-income economy working hours

\textsuperscript{25} ILO, ILOSTAT, "Working Hours Lost Due to the COVID-19 Crisis, Annual," accessed April 8, 2022.
\textsuperscript{26} ILO, ILO Monitor: COVID-19 and the World of Work, October 27, 2021. For a list of countries included in these groupings, see \url{https://ilostat.ilo.org/resources/concepts-and-definitions/classification-country-groupings/}.
\textsuperscript{27} ILO, ILOSTAT, “Working Hours Lost Due to the COVID-19 Crisis, Annual,” accessed April 8, 2022.
remained 6.9 and 4.9 percent below pre-pandemic levels, respectively, compared to 11.2 and 6.7 percent working hour deficits in 2020.

In the United States, total hours worked in 2021 remained 5.0 percent below pre-pandemic levels but marked a recovery from the 9.6 percent deficit experienced in 2020. India, Japan, and the UK were among the United States’ largest trading partners whose estimated working hours remained 5.0 percent or more below pre-pandemic levels (figure 1.4). Conversely, the EU, Canada, and China were estimated to have experienced stronger recoveries in hours worked. Hours worked remained below pre-pandemic levels in the EU and Canada in 2021 by 2.7 and 1.7 percent, respectively, while working hours in China exceeded pre-pandemic levels by 0.4 percent.

**Figure 1.4** Change in hours worked by country and world relative to pre-pandemic baseline, 2021

In percentages. European Union (EU) data exclude the United Kingdom (UK); the pre-pandemic baseline is based on annualized estimates of global working hours in the fourth quarter of 2019; underlying data for this figure can be found in appendix table B.7.


**Foreign Direct Investment (FDI)**

Global FDI inflows experienced a strong recovery in 2021. Total FDI inflows increased 64.3 percent from 2020, reaching $1.6 trillion. FDI inflows into developed economies drove the recovery, growing by 133.6 percent from 2020. Inflows into the United States soared by 143.6 percent, while inflows into the EU fell by 34.4 percent (figure 1.5). Among developing economies, FDI inflows into China increased by 21.2 percent, reaching a new high of $181.0 billion. Conversely, inflows into India declined by 30.2 percent.

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percent during the year, a notable decline following the 26.7 percent increase in FDI inflows recorded in 2020. ³³

**Figure 1.5 FDI inflows, by selected major economies, annual, 2019–21**

In billions of dollars. European Union (EU) data exclude the United Kingdom (UK). Underlying data for this figure can be found in appendix table B.8.

During the year, all major industries experienced an increase in the value of announced greenfield projects. The manufacturing sector recorded the largest increase of 23 percent, while the value of announced projects in the primary and services sectors increased by 15 and 8 percent, respectively.³⁴ Greenfield projects in the sector of electronics and electrical equipment experienced a notable 156 percent increase in 2021.³⁵ Greenfield investments in the three sectors of construction, pharmaceuticals, and information and communications also recorded significant growth, each above 20 percent.³⁶ Conversely, FDI inflows into electricity and gas supply and chemicals sectors both experienced double-digit declines.³⁷

Exchange Rate Trends

The value of the U.S. dollar largely appreciated throughout 2021, growing 3.7 percent across the Federal Reserve’s broad index of global currencies. The dollar appreciation was driven in large part by gains against the Japanese yen and the euro, 11.6 percent and 8.3 percent, respectively (figure 1.6). The dollar also experienced volatility against several currencies of other major trading partners throughout the year. The U.S. dollar increased by as much as 9.6 percent against the Mexican peso in late 2021, before ending the year with a 2.9 percent gain. Conversely, the U.S. dollar fell in value against the Canadian dollar and British pound for most of the year before recovering and eventually modestly appreciating against both currencies near the end of 2021. The U.S. dollar fell by 1.4 percent against the Chinese yuan, countering the broader trend of a U.S. dollar appreciation during the year.

Figure 1.6 Index of U.S. dollar exchange rate, by selected major foreign currencies, daily, 2021

January 4, 2021 = 100. USD = U.S. dollar; CAD = Canadian dollar; CNY = Chinese yuan; EUR = EU euro; INR = Indian rupee; JPY = Japanese yen; MXN = Mexican peso; GBP = British pound. Due to the file size, the underlying data table is available from the USITC’s Year in Trade webpage.

Note: This figure shows daily data of currency indices of U.S. dollar exchange rates for selected major foreign currencies during 2021.

The fluctuation of exchange rates can affect trade flows by changing the price of traded goods in international markets. For instance, when the U.S. dollar appreciates, U.S. exports become more expensive and U.S. imports less expensive. Conversely, when the U.S. dollar depreciates, U.S. exports become less expensive while U.S. imports become more expensive.

Global Trade Trends in 2021

This section gives an overview of global goods and services trade trends in 2021, highlighting the major importers and exporters, as well as the supply chain disruptions that hindered recovery in 2021 during the COVID-19 pandemic.

Global Merchandise Trade

Overview of Global Merchandise Trade in 2021

According to the WTO, the value of global merchandise trade for 2021 was the largest in the last five years ($44.8 trillion), reflecting a significant demand stimulus in advanced economies.\(^{40}\) Trade increased by 26.1 percent with respect to 2020, and increased by 16.9 percent compared to 2019 (figure 1.7).\(^{41}\) However, expectations of continued growth in international trade were tempered by the assumption that consumption habits and demand patterns will eventually normalize to pre-pandemic levels.\(^{42}\)

Figure 1.7 Global merchandise trade, annual, 2019–21

In trillions of dollars. This figure represents two-way trade, which is overall total exports and general imports combined. Underlying data for this figure can be found in appendix table B.9.

Global merchandise trade in 2021 showed a strong growth relative to the 2019, pre-pandemic period. Quarterly global merchandise trade experienced the largest year-on-year growth in the second quarter of 2021, increasing by 45.5 percent over the second quarter of 2020, which featured the lowest global


trade level since 2016 (figure 1.8). Global merchandise trade in 2021 exceeded 2019 pre-pandemic levels in every quarter, yet in the third and fourth quarters of 2021 growth began to decelerate as some countries resumed restrictive policies intended to curb the spread of newly emerging COVID-19 variants.43

Following aggregate trends, most manufacturing sectors experienced increases in trade value in 2021—particularly in the first two quarters, compared to 2020. Among the most notable year-on-year increases in world trade were in the sectors of minerals, office and communications equipment, and other manufacturing.44 Despite significant increases in trade in the first half of 2021, some of these same sectors experienced a significant deceleration in year-on-year growth beginning in June, as demand for COVID-19 related goods sectors (durable communications and office equipment, and textiles and apparel) waned.45 For the automotive sector, which experienced significant deceleration in export growth in the latter half of 2021 (nearly an 80 percentage point decline), this has been partially attributed to the ongoing shortage of semiconductors.46 By comparison, the integrated circuits sector—which includes semiconductors—did not experience a similar decline in trade, suggesting that inputs produced by this sector may have been diverted to other competing downstream industries, such as consumer electronics.47 Transport equipment continued to lag far behind other manufacturing sector trade in terms of growth, registering persistent declines in global trade throughout the first three quarters of 2021.48

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48 UNCTAD, *Global Trade Update: Q1 2021*, May 2021, 6; UNCTAD, *Global Trade Update: Q3 2021*, November 2021, 6. For more discussion on sectors heavily impacted in 2021, see the overview of global supply chain disruptions later in this chapter.
Geographically, there was significant divergence in the recovery paths of merchandise trade in 2021. Although annual growth in total trade across regions was somewhat consistent—falling generally within 5 percentage points of the world average—there was more volatility in terms of the timing of such growth (table 1.1). For example, many economies in Asia experienced early rebounds to pre-pandemic levels of merchandise trade by the end of 2020 and first half of 2021, led chiefly by China, Hong Kong, Taiwan, and Vietnam. In comparison, economies in the Middle East and Africa experienced slower recovery, largely due to an April 2020 agreement among OPEC+ countries to cut crude oil production in response to falling prices. Latin America experienced the largest growth in total trade in 2021 (37.7 percent), partly because it faced some of the largest declines in the previous year (starting from a low base) and partly due its disproportionate benefit from higher commodities prices, given its export specializations.


### Table 1.1 Percentage change of merchandise trade, by region and the World, annual 2020–21

In percentages. Two-way trade is defined as exports plus imports.

<table>
<thead>
<tr>
<th>Region</th>
<th>Imports</th>
<th>Exports</th>
<th>Two-way trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>24.4</td>
<td>38.7</td>
<td>30.6</td>
</tr>
<tr>
<td>Asia</td>
<td>30.1</td>
<td>27.2</td>
<td>28.6</td>
</tr>
<tr>
<td>Europe</td>
<td>23.0</td>
<td>22.0</td>
<td>22.5</td>
</tr>
<tr>
<td>Latin America</td>
<td>41.7</td>
<td>33.8</td>
<td>37.7</td>
</tr>
<tr>
<td>Middle East</td>
<td>21.8</td>
<td>40.5</td>
<td>32.0</td>
</tr>
<tr>
<td>North America</td>
<td>23.1</td>
<td>23.3</td>
<td>23.2</td>
</tr>
<tr>
<td>World</td>
<td>26.3</td>
<td>26.0</td>
<td>26.1</td>
</tr>
</tbody>
</table>


### Global Leading Merchandise Exporters and Importers

In 2021, China was the world’s largest merchandise exporter, followed by the EU, the United States, Japan, and Hong Kong (figure 1.9).\(^{51}\) The exports from all regions increased notably from the 2020 levels. Of the top five exporters, China experienced the largest increase in its exports (29.9 percent), followed by the United States (23.1 percent), and Hong Kong (22.1 percent).\(^{52}\)

#### Figure 1.9 Merchandise exports, by top five global exporters, annual, 2020–21

In billions of dollars. European Union (EU) data exclude intra-EU trade and the United Kingdom (UK); underlying data for this figure can be found in appendix table B.11.

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\(^{51}\) EU trade data exclude intra-EU trade and the UK. Although Hong Kong is a Special Administrative Region of China, it is an independent customs territory and economic entity separate from China, and can separately enter into international agreements in commercial, economic, and certain legal matters, under China’s Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (Basic Law). USDOS, EAP, “U.S. Relations with Hong Kong,” August 28, 2020.

In 2021, the United States remained the world’s largest merchandise importer. China was the second-largest merchandise importer, followed by the EU, Japan, and Hong Kong. Imports increased significantly for all regions in 2021 relative to 2020. China’s imports grew by 30.1 percent, followed by the EU’s imports which grew by 27.1 percent (figure 1.10).53

**Figure 1.10 Merchandise imports, by top five global importers, annual, 2020–21**

In billions of dollars. European Union (EU) data exclude intra-EU trade and the United Kingdom (UK); underlying data for this figure can be found in appendix table B.12.


## Global Trade in Services

### Overview of Global Services Trade in 2021

While commercial services trade has begun to recover from the COVID-19 pandemic-related declines seen in 2020, overall trade levels are still below 2019 levels. From 2020 to 2021, global commercial service exports increased 16.8 percent to $5.9 trillion.54 Within commercial services, the largest category of exports was “other commercial services,” which includes financial, business, and information and communications services (figure 1.11). World exports of “other commercial services” grew 14.3 percent, and computer, financial, and business services represented the main drivers of growth within the category.55 Other services export categories also grew from 2020 to 2021, with 34.3 percent growth in transportation, 7.4 percent growth in travel, and 11.7 percent growth in goods-related services. Travel

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54 WTO, WTO Stats, Commercial Service Exports, April 12, 2022.
55 WTO, Third Quarter 2021 Trade in Services, February 1, 2022; WTO, WTO Stats, Commercial Service Exports, April 12, 2022.
and transportation export levels in 2021 still fell short of 2019 levels. However, “other commercial services” trade experienced growth throughout the 2019–21 period (figure 1.11).

**Figure 1.11 Commercial services exports, by services trade category, annual, 2019–21**

In billions of dollars. Underlying data for this figure can be found in appendix table B.13.

In 2021, transportation and travel continued to be impacted by the COVID-19 pandemic. As detailed in the supply chain disruption section of this chapter, port-related delays reduced global transportation services trade, including maritime transport, trucking, port, and rail services. In travel services, the easing of foreign travel restrictions in 2021 led to a 4 percent increase in international tourism compared to 2020, though levels still fell short of 2019 travel by 72.0 percent. The recovery of tourism services was uneven in 2021, with the strongest growth in Europe and the Americas, with some Caribbean countries returning to 2019 tourist levels. Similarly, in education services, preliminary data suggest that international student enrollment in U.S. universities, which is considered part of U.S. exports of education services, increased as universities returned to in-person instruction. In particular, international student enrollment at U.S. universities in fall 2021 was up 4 percent compared to 2020, with a 68 percent increase in the number of new international students enrolling for the first time in a U.S. institution.

Remote work in professional service sectors continued to be a strong trend, particularly in developed countries. Market research firm Gartner estimates that by the end of 2021, 51 percent of “knowledge

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www.usitc.gov
workers,” including occupations such as writers, accountants, and engineers were working remotely, with the largest shares of remote workers in the United States and Europe, and the largest numbers of remote workers in India and China. In financial services, mobile money services have expanded rapidly during the pandemic. Globally, registered mobile money accounts increased by 13.0 percent in 2020, and 18.0 percent in 2021 (double estimated pre-pandemic increases), with stronger growth in East Asia and Latin America. By the end of 2022, the industry expects to process $3.0 billion in mobile money transactions per day.

Global Leading Service Exporters and Imports

In 2021, the EU was the leading global services exporter, followed by the United States, the UK, China, and India (figure 1.12). All the top five exporters experienced growth in their exports relative to 2020, suggesting recovery from the trade declines experienced over 2020 due to the onset of the COVID-19 pandemic. Of the top five exporters, China saw the strongest services export recovery (41.2 percent), followed by the EU (19.5 percent), India (16.5 percent), the United States (9.3 percent), and the UK (8.3 percent). However, this trade recovery has not occurred in tourism-focused developing countries, such as Cambodia (58.3 percent decline compared to 2020) and Thailand (33.4 percent decline). In Asia and the Pacific in particular, tourism remained limited in 2021 as many countries continued to prohibit nonessential travel.

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62 EU growth rate excludes intra-EU trade and UK trade.
63 WTO, WTO Stats, Commercial Service Exports, April 12, 2022.
64 UNWTO, “Tourism Grows 4% in 2021 but Remains Far Below Pre-Pandemic Levels,” January 18, 2022.
In 2021, the EU was also the leading global services importer, followed by the United States, China, the UK, and Singapore (figure 1.13). Import growth has also increased in all of these markets compared to 2020, with the strongest growth in U.S. imports (18.4 percent), followed by the UK (15.0 percent), China (12.2 percent), Singapore (9.6 percent), and the EU (8.3 percent).65

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65 EU growth rates exclude intra-EU trade and UK trade.
The so-called “great supply chain disruptions” in 2021 affected consumers and producers alike. Consumers sometimes faced limited availability of goods, and experienced unusually long wait times to receive products they ordered. Producers grappled with intermittent shortages of inputs and labor, as well as persistent long lead times. Supply chain disruptions cascaded throughout the economy, leading to rising goods prices, adding to upward inflationary pressure, and hindering the economic recovery from the COVID-19 pandemic. The IMF estimated that in 2021, global supply chain disruptions reduced global GDP growth by 0.5–1.0 percentage point, while adding 1.0 percentage point to core inflation. However, according to the WTO, supply chain issues may have weighed on trade but likely had a limited impact on global merchandise trade aggregates, which were expected to grow significantly in 2021.

68 Lead time is the time between the start of the production process and the completion of it, or alternatively, the amount of time between placing an order with a supplier and receipt of goods. CIPS, “Glossary of Procurement Terms,” accessed March 29, 2022; Kamali and Wang, “Longer Delivery Times Reflect Supply Chain Disruptions,” IMF Blog (blog), October 25, 2021.
70 IMF, World Economic Outlook Update, January 2022, January 25, 2022, 7.
According to a survey conducted by Hubs in October 2021 with 437 manufacturer respondents, about 75 percent of them reported experiencing supply chain disruptions in 2021. About 56 percent of respondents indicated they experienced more supply chain disruptions in 2021 than the previous year. The top factors underlying supply chain disruptions in 2021 according to the Hubs survey as well as other sources were the pandemic, labor and material shortages, increases in (input) pricing, transportation and logistics (disruptions), port congestion, and container shortages. The sections below provide more information on these factors.

**The Pandemic and Labor and Production Issues**

During 2021, the pandemic continued to impact the world, first with the emergence of the Delta variant and then with the Omicron variant. These waves of outbreaks disrupted production and transportation activities in major manufacturing hubs around the world, as some facilities suspended operations temporarily while others reduced workforce to curtail the spread of the virus. These containment measures impacted multiple manufacturing industries ranging from pharmaceuticals, electronics, machinery, chemicals, garment materials, textile dyes, plastics, to batteries. Pandemic-induced disruptions impeded the return to full manufacturing capacity utilization or further expansion, triggered ripple effects on the upstream and downstream industries along global supply chains, and exacerbated other risks such as labor and material shortages, input price hikes, and logistic bottlenecks.

**Materials Shortage and Increases in Input Pricing**

Material shortages and increases in input pricing were identified as top two factors contributing to global supply chain disruptions in 2021. According to the Institute for Supply Management (ISM) survey, in October 2021, as many as 26 commodities were in short supply. By December 2021, although the number of commodities in short supply declined to 10, the shortage of some commodities, such as steel, copper, and plastics, had lasted longer than 10 months. The shortages led to price increases in a broad range of commodities. The IMF estimates that the average primary commodity price in 2021 was nearly 40 percent higher than 2019. In a study conducted by Inverto (a European subsidiary of Boston Consulting Group), 73 percent of study participants reported that their companies...
experienced strong price increases in raw materials in 2021, with aluminum, iron and steel, and plastics at the greatest risk of price hikes.83

Companies also widely reported the persistent shortages of critical components, particularly semiconductors.84 IHS Markit Purchasing Managers’ Indices (PMI) showed substantial increases in semiconductor delivery time and price in 2021. Automobiles and parts, household goods such as consumer electronics and home appliances, and technology equipment such as communication equipment were among the most-affected sectors.85 Output loss in these sectors caused by the delay in semiconductor delivery is estimated to reach hundreds of billions of dollars.86

Supply shortages of raw materials and key components as well as the associated price increases led to higher input costs for downstream industries. In May 2021, the input prices index from the JPMorgan Global Composite PMI rose sharply to its highest level since 2008.87 IHS Markit PMI survey found that the global electronics industry experienced the highest rate of input price increase in 2021 since it started to measure it in 1998.88 The record-long raw material lead times, persistent shortages of critical components, and rising input prices impacted all manufacturing segments, and constrained production expansion to meet growing demand.89

**Transportation and Logistics Disruptions**

Transportation and logistics disruptions, port congestion, and container shortages are among the other top drivers of global supply chain disruptions in 2021. About 90 percent of globally traded goods are shipped by maritime transport equipment such as bulk carriers, oil tankers, container ships, and general cargo ships.90 UNCTAD statistics show that global merchandise trade volume reached nearly an all-time high in 2021.91 However, throughout 2021, the global ocean shipping industry continued to experience disruptions, such as shortages in transport equipment and containers, clogged ports, and worker shortages. These disruptions constrained the expansion of global shipping capacity to meet record demand. They were also among the primary causes leading to logistics bottlenecks, shipment delays, and rising shipping cost.92

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85 For more information on semiconductor shortages, as well as global supply chain disruptions facing computers and electronics, and motor vehicles, see Bethmann et al., “Challenges Facing Selected Industries and GVCs During the Pandemic,” 2022-02-C, February 2022, 11–19.
With the pandemic-induced disruption to marine-industrial manufacturing, delivery of new ships declined by 12 percent in 2020.\textsuperscript{93} Even with increasing the use of second-hand ships, tight vessel supply contributed to the shortage of maritime transport equipment, and limited the expansion of global shipping capacity during 2021.\textsuperscript{94} In addition, the COVID-19 pandemic seafarer crisis further complicated the operations of the global shipping industry.\textsuperscript{95} Due to lockdown, border closure, and other restrictive measures, as many as 250,000 seafarers remained onboard vessels beyond their contracts or unable to board new ships in 2021, which disrupted crew changes and transfers.\textsuperscript{96}

During 2021, the global shipping industry also experienced historic port congestion in the United States, Asia, and North Europe, which interrupted vessel schedules and on-time performance.\textsuperscript{97} About 80 percent of global port congestion occurred in North America, most of it related to the gateway port complex of Los Angeles-Long Beach.\textsuperscript{98} Exacerbating long container processing times at the ports were delays and congestion associated with the inland transport of containers by truck and rail, a shortage of port workers as well as short- and long-haul truck drivers, and a lack of adequate warehousing capacity.\textsuperscript{99} Congestion across the world’s major maritime ports tied up shipping capacity, and contributed to container shortages.\textsuperscript{100}

Global shipping capacity constraints and logistics disruptions contributed to the spike of freight prices. The average cost of shipping a standard large container (a 40-foot-equivalent unit) surpassed $10,000 in 2021, about four times higher than the previous year. The spot price for sending a container from Shanghai to New York was near $15,000, compared to about $2,500 in 2019.\textsuperscript{101}

**Global Supply Chain Resilience**

The unprecedented disruptions drove companies to focus on improving global supply chain resilience and agility.\textsuperscript{102} According to a survey conducted by Ernst & Young in late 2020, the top three priorities for companies over the following few years were to increase global supply chain efficiency, retain/reskill the workforce, and increase supply chain visibility that allows for tracking from manufacturer to final destination.\textsuperscript{103} Some changes that had been taking place included a shift from linear supply chains that

\textsuperscript{93} UNCTAD, *Review of Maritime Transport 2021*, November 20, 2021, XVI.

\textsuperscript{94} UNCTAD, *Review of Maritime Transport 2021*, November 20, 2021, XVI.


\textsuperscript{97} Global schedule reliability reached 32 percent in December 2021, compared to 76 percent in December 2019, the lowest since Sea-Intelligence began recording the metric in 2011. Sea-Intelligence, “Record-Low Global Schedule Reliability of 44.6% in December 2020,” January 29, 2021; Knowler, “Container Shipping: Global Vessel Arrival Times Slump to Record Low,” January 26, 2022.


\textsuperscript{100} UNCTAD, *Review of Maritime Transport 2021*, November 20, 2021, 64.


\textsuperscript{103} Hanna, “Supply Chain Visibility (SCV),” accessed August 2, 2022.
chart a straight path from raw materials to production to disposal to more integrated networks connecting many players and service providers, enabled by digital technology and data sharing; and retaining and reskilling workforces for the acceleration of digital transformation and automation in supply chains.104

Governments, including the U.S. government, also made global supply chain resilience their top priority in 2021. On February 24, 2021, the White House issued an Executive Order on America’s Supply Chains, calling for an initial 100-day review of supply chain vulnerabilities in four key sectors: the defense industrial base, the public health and biological preparedness space, the information and communications sector, and the energy sector.105 In June 2021, President Biden launched the Supply Chain Disruptions Task Force to address short-term supply chain disruptions, including transportation and logistics bottlenecks.106 In October 2021, the White House reported the expansion of 24/7 operation in the Ports of Los Angeles and Long Beach to alleviate the bottlenecks.107 On October 31, 2021, President Biden held a Summit on Global Supply Chain Resilience with 14 countries and the EU to foster greater international cooperation on addressing near-term supply chain disruptions, while strengthening and diversifying the entire supply chain ecosystem over the long term—from raw materials, intermediate and finished goods, manufacturing, to shipping, logistics, warehousing, and distribution.108

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

This chapter surveys activities related to the administration during 2021 of U.S. trade laws covering import relief laws, laws against unfair trade practices, and national security investigations. In addition, this chapter covers miscellaneous tariff bill reports under the American Manufacturing Competitiveness Act of 2016, World Customs Organization Harmonized System amendments, trade adjustment assistance programs, and tariff preference programs (the U.S. Generalized System of Preferences, the Nepal Trade Preferences Act, the African Growth and Opportunity Act, and the Caribbean Basin Economic Recovery Act, including the initiatives intended to aid Haiti).

Import Relief Laws

Safeguard Investigations

This section covers safeguard investigations conducted by the Commission during 2021, including under the global safeguard provisions in sections 201–204 of the Trade Act of 1974 (Trade Act), and statutes implementing safeguard provisions in various bilateral free trade agreements involving the United States. All of the actions taken during 2021 were under the global safeguard provisions in sections 201–204 of the Trade Act.

Background

The safeguard provisions in sections 201–204 of the Trade Act set out a procedure under which the President may grant temporary relief to a domestic industry seriously injured by increased imports. The process begins at the U.S. International Trade Commission (Commission) with the filing of a petition on behalf of a domestic industry, a request from the President or the U.S. Trade Representative (Trade Representative), or a resolution from the U.S. House of Representatives Committee on Ways and Means or the U.S. Senate Committee on Finance. Following receipt of a properly filed petition or a request or resolution, the Commission conducts an investigation to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article. If the Commission makes an affirmative determination, it recommends to the President the action that will address the serious injury or threat of serious injury, which may include an

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110 For a list of statutory authorities, see section 206.31 of the Commission’s Rules of Practice and Procedure, 19 CFR § 206.31 (April 1, 1997).
111 The U.S. Trade Representative (Trade Representative) refers to the individual, while USTR refers to the Office of the U.S. Trade Representative.
imposition of, or increase in a tariff, or an imposition or modification of a quota. The President makes the final decision on whether to take an action and, if so, the form and amount, subject to certain statutory limitations. The action may not exceed an initial period of four years and an overall period, with extensions, of eight years. The President makes the final decision on whether to take an action and, if so, the form and amount, subject to certain statutory limitations. The action may not exceed an initial period of four years and an overall period, with extensions, of eight years.

The Commission must monitor industry developments during the period the action is in effect, and it must submit a report on its monitoring to the President and the Congress at the midpoint of the action if the action exceeds three years. The Commission may also be required to conduct an investigation and make a determination in connection with any request for an extension of the action, and the President may request the Commission to provide advice regarding the effect on the industry of any reduction, modification, or termination of an action. After the action taken has terminated, the Commission must provide a report to the President and the Congress on the effectiveness of the action. The statute also provides that provisional relief may be available in the context of perishable agricultural or citrus products or when critical circumstances are found to exist.

Developments in 2021

During 2021, the United States had two global safeguard measures in effect: one on large residential washers, and one on solar cells and modules. The President imposed both measures in February 2018 following receipt of affirmative serious injury determinations from the Commission. The measure on imports of solar cells and modules was imposed for four years, and the measure on imports of large residential washers was imposed for three years and one day, with the measures expiring in February 2022 and February 2021, respectively, unless extended. During 2021, the Commission instituted and completed one new investigation, on fresh, chilled, or frozen blueberries. Developments during 2021 relating to each of these proceedings are described below.

Large Residential Washers

On January 14, 2021, President Donald Trump issued Proclamation 10133 extending the measure on large residential washers for two additional years, effective February 8, 2021. The President took the action following the receipt, on December 8, 2020, of a report and affirmative determination from the

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118 19 U.S.C. § 2252(d). The term “citrus product” means any processed oranges or grapefruit, or any orange or grapefruit juice, including concentrate. A perishable agricultural product is any agricultural article, including livestock, regarding which the Trade Representative considers action under this section to be appropriate after taking into account— (i) whether the article has— (I) a short shelf life, (II) a short growing season, or (III) a short marketing period, (ii) whether the article is treated as a perishable product under any other Federal law or regulation; and (iii) any other factor considered appropriate by the Trade Representative.
120 Proclamation No. 10133, 86 Fed. Reg. 6541 (January 21, 2021). The proclamation extended the measure for two additional years, subject to certain modifications.
Commission that the relief provided to the domestic industry in 2018 continues to be necessary to prevent or remedy serious injury to the industry, and that the domestic industry is making a positive adjustment to import competition. The Commission instituted its investigation on August 3, 2020, under section 204(c) of the Trade Act following receipt of a petition for extension from Whirlpool Corporation.121

**Crystalline Silicon Photovoltaic Cells, Whether or Not Partially or Fully Assembled into Other Products**

On December 8, 2021, the Commission transmitted to the President its determination and report in Investigation No. TA-201-075 (Extension), *Crystalline Silicon Photovoltaic Cells, Whether or Not Partially or Fully Assembled into Other Products*. The Commission determined that the relief provided to the domestic crystalline silicon photovoltaic cell industry in 2018 continues to be necessary to prevent or remedy serious injury to the industry, and that the domestic industry is making a positive adjustment to import competition. The Commission instituted its extension investigation in August 2021 following receipt of two petitions filed by separate groups of domestic crystalline silicon photovoltaic cell producers.122 The Commission recommended that the relief be extended for four additional years.123 The report was pending before the President at the end of 2021.124

**Fresh, Chilled, or Frozen Blueberries**

In September 2020, at the request of the U.S. Trade Representative, the Commission instituted an investigation with respect to imports of fresh, chilled, or frozen blueberries, under section 202 of the Trade Act of 1974 (19 U.S.C. § 2252). On February 11, 2021, the Commission made a unanimous negative determination under section 202(b) of the Trade Act in Investigation No. TA-201-077, *Fresh, Chilled, or Frozen Blueberries*, finding the products were not being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry.125 As a result, the Commission did not recommend relief, nor did the President provide relief. The Commission submitted its report to the President on March 29, 2021.126

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122 The petitions were filed by Auxin Solar, Inc., and Suniva, Inc. on August 2, 2021, and by Hanwha Q CELLS USA, Inc., LG Electronics USA, Inc., and Mission Solar Energy, on August 4, 2021.
123 USITC, *Crystalline Silicon Photovoltaic Cells, Whether or Not Partially or Fully Assembled Into Other Products*, December 2021.
124 On February 4, 2022, the President issued Proclamation No. 10339, 87 Fed. Reg. 7357 (February 9, 2022), extending the measure for four additional years but with certain modifications.
Monitoring of Imports of Fresh or Chilled Strawberries, and Imports of Fresh or Chilled Bell Peppers

In December 2020, at the request of the U.S. Trade Representative, the Commission instituted two monitoring investigations under section 332(g) of the Tariff Act of 1930 with respect to imports of fresh or chilled strawberries, and imports of fresh or chilled bell peppers, in accordance with the perishable agricultural provision in section 202(d)(1) of the Trade Act. Under that provision, the monitoring is not to exceed two years. Provided that the Commission has been monitoring imports of the product for at least 90 days, the domestic industry may file a petition for import relief under section 202(b) of the Trade Act and in that petition seek provisional import relief pending completion of a full Commission investigation. In such a case, the Commission will have 21 days from receipt of a petition containing such a request to make a preliminary determination, and if affirmative, recommend a remedy to the President. The President has seven days from receipt of an affirmative Commission determination to proclaim any provisional relief. As of the end of 2021, no domestic industry had filed a petition with the Commission under section 202(b) of the Trade Act with respect to any of the covered perishable agricultural products.

Laws against Unfair Trade Practices

Section 301 Investigations

Background

Section 301 of the Trade Act addresses unfair foreign practices affecting U.S. commerce. Section 301 may be used to enforce U.S. rights under both bilateral and multilateral trade agreements. It can also be used for responding to unjustifiable, unreasonable, or discriminatory foreign government practices that burden or restrict U.S. commerce. Interested persons may petition the Trade Representative to investigate foreign government policies or practices, or the Trade Representative may initiate an investigation.

In each investigation under the statute, the Trade Representative is required to seek consultations with the foreign government involved. If the matter is not resolved, section 304 of the Trade Act requires the Trade Representative to determine whether the practices in question fulfill any of three conditions: (1) they deny U.S. rights under a trade agreement; (2) they are unjustifiable, and burden or restrict U.S. commerce; or (3) they are unreasonable or discriminatory, and burden or restrict U.S. commerce. If the practices fulfill either of the first two conditions, the Trade Representative generally must take

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130 Section 301 refers to sections 301–310 of the Trade Act, 19 U.S.C. §§ 2411–2420.
action. If the practices are unreasonable or discriminatory and burden or restrict U.S. commerce, the Trade Representative determines whether action is appropriate and, if so, what action to take. Section 301 authorizes a wide range of actions including the suspension of trade agreement concessions, the imposition of duties or other restrictions on the imports of goods or services, and entering into an agreement to eliminate the offending practice or provide the United States with compensatory benefits. Moreover, if a foreign country fails to comply with such an agreement, or to implement a World Trade Organization (WTO) recommendation, the Trade Representative must determine what further action should be taken under section 301.

**Developments in 2021**

Active section 301 investigations in 2021 involved technology transfer, intellectual property, and innovation practices in China; taxes on digital services proposed or adopted in France and other jurisdictions; large civil aircraft subsidies by the EU and certain member states; and currency and timber-related activities in Vietnam.

**China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation**

On August 18, 2017, at the direction of the President, the Trade Representative initiated an investigation of China’s laws, policies, practices, or actions that might be unreasonable or discriminatory and harming U.S. intellectual property rights, innovation, or technology development. The Office of the U.S. Trade Representative (USTR) published the findings of its investigation on March 22, 2018. The Trade Representative then issued a notice finding the following four categories of acts, policies and practices of China to be unreasonable or discriminatory and to constitute a burden or restriction on U.S. commerce, and thus actionable under the Trade Act:

1. China’s use of foreign ownership restrictions and administrative processes to require or pressure technology transfer from U.S. companies.
2. China’s regime of technology regulations that force U.S. companies seeking to license technologies to Chinese entities to do so on nonmarket-based terms.
3. China directs and/or unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets to obtain cutting-edge technologies and generate technology transfer to Chinese companies.
4. China conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies to access sensitive commercial information and trade secrets.

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134 The Trade Representative is not required to take action in any case in which the WTO Dispute Settlement Body has adopted a report, or a ruling has been issued under the formal dispute proceeding under any other trade agreement, that U.S. rights are not being denied, or that the act, policy, or practice does not violate U.S. rights or deny benefits under any trade agreement. 19 U.S.C. § 2411(a)(2).


137 Trade Act, 19 U.S.C. § 2416(b).


In 2018, the Trade Representative initiated a WTO dispute to address the second category of actions.\textsuperscript{141} The Trade Representative requested a suspension of the WTO proceedings in June 2019, and the proceedings remain suspended.\textsuperscript{142} To address the three other categories, and at the direction of the President, the Trade Representative imposed a series of additional duties on products of China, as elaborated below.

Following hearings and public comments, and at the direction of the President, the Trade Representative imposed additional duties on products of China identified on a series of lists. In June 2018, the Trade Representative imposed an additional 25 percent duty on products on List 1; these products had an approximate annual trade value of $34 billion.\textsuperscript{143} In August 2018, the Trade Representative imposed an additional 25 percent duty on products included on List 2, which had an approximate annual trade value of $16 billion. In September 2018, the Trade Representative modified the prior action by imposing additional duties on List 3 products with an approximate annual trade value of $200 billion. The additional duty rate for List 3 initially was set at 10 percent and increased to 25 percent in May 2019. In August 2019, the Trade Representative imposed additional duties of 10 percent on products with annual trade valued at $300 billion. USTR divided the final list of products into two separate lists: List 4A, which would be subject to additional duties on September 1, 2019, and List 4B, subject to duties on December 15, 2019. Subsequently, at the direction of the President, the Trade Representative increased the rate of additional duties on both sets of List 4 products from 10 percent to 15 percent.\textsuperscript{144}

On December 13, 2019, USTR announced a Phase One Agreement that requires China’s purchase of certain U.S. goods and services, as well as structural reforms and other changes to its economic and trade regime related to intellectual property, technology transfer, and other matters.\textsuperscript{145} In light of the Phase One Agreement, and at the direction of the President, the Trade Representative suspended indefinitely the imposition of tariffs on products covered by List 4B and reduced the additional rate of duties on products covered by List 4A from 15 percent to 7.5 percent, effective February 14, 2020.\textsuperscript{146}

USTR also implemented a process by which U.S. importers could request that products included on the various lists be excluded from additional duties. Under this process, USTR approved about 34 percent of exclusion requests pertaining to List 1 (3,700 of 11,000 requests) and about 38 percent of the List 2 exclusion requests (1,100 of 2,900 requests).\textsuperscript{147} USTR approved about 5 percent of List 3 exclusion requests (1,500 of 30,300 requests) and about 7 percent of List 4A exclusion requests (575 of 8,800 requests).\textsuperscript{148} The first tranche of approved exclusions expired in December 2019 and the last expired in October 2020. USTR approved about 549 requests for extensions of these exclusions. In December 2020, the Trade Representative determined to further extend product exclusions, or otherwise modify its

\textsuperscript{141} WTO, Panel Request, China—Certain Measures Concerning the Protection of IP Rights, October 18, 2018.
\textsuperscript{142} WTO, “DS542: China,” accessed April 8, 2022; USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 64.
\textsuperscript{143} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 64–65.
\textsuperscript{144} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 64–65.
\textsuperscript{146} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 65.
determinations to remove section 301 duties on certain medical-care products to address the COVID-19 pandemic.\footnote{149} On March 10, 2021, the Trade Representative announced an additional extension.\footnote{150} On August 27, 2021, USTR sought public comment to further extend the exclusions for 99 medical-care products.\footnote{151} In November 2021, the Trade Representative extended the exclusions for certain medical-care products with a 16-day transition period for all 99 COVID-related exclusions (through November 30, 2021) and further extended 81 of the 99 exclusions (through May 31, 2022).\footnote{152} On October 8, 2021, USTR sought public comment on the potential reinstatement of the 549 previously extended exclusions.\footnote{153} As of December 2021, USTR was in the process of reviewing the public comments.\footnote{154}

**Digital Services Taxes**

On July 24, 2019, the president of France signed into law a Digital Services Tax (DST) that would place a 3 percent levy on revenues that some companies generate from providing certain digital services to, or aimed at, persons in France. The DST applied retroactively beginning January 1, 2019, to companies that met certain global and French revenue thresholds for the covered services. On July 10, 2019, the Trade Representative initiated an investigation of the French DST under section 301 of the Trade Act. After holding a hearing and receiving written submissions as well as advice from the interagency Section 301 Committee, on December 2, 2019, USTR issued a report setting out its factual findings.\footnote{155}

On December 6, 2019, the Trade Representative determined under sections 301(b) and 304(a) of the Trade Act\footnote{156} that the French DST is unreasonable or discriminatory and burdens or restricts U.S. commerce and is thus actionable under section 301.\footnote{157} USTR solicited public comments on a proposed trade action consisting of additional duties of up to 100 percent on certain products of France. USTR further sought comment on the option of imposing fees or restrictions on the services of France.\footnote{158} On July 10, 2020, the Trade Representative determined that the appropriate action was the imposition of duties of 25 percent on certain products of France. To allow additional time for discussions that could lead to resolution of the matter, the Trade Representative simultaneously suspended application of the additional duties for a period up to 180 days, or until January 6, 2021.\footnote{159} On January 6, 2021, the Trade

\footnote{150} 86 Fed. Reg. 13785 (March 10, 2021).
\footnote{152} 86 Fed. Reg. 63438 (November 16, 2021); see also Sandler, Travis & Rosenberg, P.A., “Section 301 Tariffs on China,” accessed April 1, 2022.
\footnote{154} On April 1, 2022, the U.S. Court of International Trade issued an opinion on the merits of this case. The court found that while USTR acted within its statutory authority to impose these duties, it had violated Administrative Procedure Act requirements by failing to respond adequately to public comments in its final action. Finally, the court remanded USTR’s decision imposing the duties for reconsideration and further explanation, while simultaneously denying the plaintiffs’ request that the duties be lifted in the meantime. USTR, *2022 Trade Policy Agenda and 2021 Annual Report*, March 2022, 37; CRS, Section 301 Tariffs on Goods from China, April 5, 2022, 4.
\footnote{156} 19 U.S.C. §§ 2411(b) and 2414(a).
\footnote{157} 84 Fed. Reg. 66956 (December 6, 2019).
\footnote{158} 84 Fed. Reg. 66956 (December 6, 2019).
\footnote{159} 85 Fed. Reg. 43292 (July 16, 2020).
Representative suspended the action again, this time for the purpose of coordinating with other DST investigations.\textsuperscript{160}

Other trading partners also considered or adopted DSTs that reached the online activities of U.S. firms in 2020. For example, effective January 1, 2020, Austria imposed a 5 percent tax on online advertising revenue for companies with global annual revenues above a certain threshold.\textsuperscript{161} Also effective January 1, 2020, Italy’s DST legislation imposed a 3 percent tax on revenues from targeted advertising and digital interface services, subject to annual thresholds.\textsuperscript{162} In March 2020, India announced a 2 percent DST on foreign electronic commerce and digital service providers that does not apply to firms established in India.\textsuperscript{163} Effective March 2020, Turkey imposed a DST on firms that during the previous year generated either a certain amount of revenue globally or met a lower revenue threshold through the provision of digital services in Turkey.\textsuperscript{164} Retroactive to April 2020, the UK adopted a DST that imposed a 2 percent tax on revenues of search engines, social media services, and online marketplaces, subject to certain thresholds.\textsuperscript{165}

Based on these and other developments, on June 2, 2020, the Trade Representative initiated section 301 investigations of DSTs adopted or under consideration in 10 jurisdictions: Austria, Brazil, the Czech Republic, the EU, India, Indonesia, Italy, Spain, Turkey and the UK.\textsuperscript{166} In January 2021, USTR found that DSTs adopted by Austria, India, Italy, Spain, Turkey, and the UK were subject to action under section 301.\textsuperscript{167} USTR further found that as the remaining four jurisdictions—Brazil, the Czech Republic, the EU, and Indonesia—had not adopted or implemented the DSTs under consideration when the investigations were initiated, the respective investigations would be terminated without further proceedings.\textsuperscript{168}

On October 8, 2021, the United States and 136 other member jurisdictions joined the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” adopted by the Organisation for Economic Co-operation and Development (OECD) and the Group of Twenty (G20).\textsuperscript{169} On October 21, 2021, the United States, Austria, France, Italy, Spain, and the UK issued a joint statement that describes a political compromise reached among these countries “on a transitional approach to existing Unilateral Measures while implementing Pillar 1.”\textsuperscript{170} In light of the

\textsuperscript{160} 86 Fed. Reg. 2479 (January 12, 2021).
\textsuperscript{161} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 68.
\textsuperscript{162} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 71.
\textsuperscript{163} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 70.
\textsuperscript{164} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 72.
\textsuperscript{165} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 73.
\textsuperscript{166} 85 Fed. Reg. 34709 (June 5, 2020).
\textsuperscript{169} The G20 is an international forum with members including the EU and 19 countries—Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the UK, and the United States. OECD, “Statement on a Two-Pillar Solution to Address the Tax Challenges,” October 8, 2021; USTR, 2022 National Trade Estimate Report, March 2022, 522; G20, “About The G20,” accessed February 7, 2022. For more information on the work of the OECD, including a description of the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy, see chapter 4.
agreement, the United States terminated the existing section 301 trade actions on goods of Austria, France, Italy, Spain, and the UK, and committed not to take further trade actions against these countries with respect to their existing DSTs until either the date that the Pillar 1 multilateral convention comes into force or December 31, 2023, whichever comes first. The U.S. also reached similar agreements with Turkey and India separately, which also resulted in the United States terminating its existing section 301 actions against each country. USTR, in coordination with the U.S. Department of the Treasury (Treasury), indicated it will continue to monitor implementation of the political agreement by Austria, France, Italy, Spain, the UK, Turkey, and India.

Large Civil Aircraft Subsidies by the EU and Certain Member States

On April 12, 2019, the Trade Representative initiated a section 301 investigation to enforce U.S. rights in a WTO dispute (DS316) initiated on October 6, 2004, when the United States requested consultations with the European Communities (now the EU), France, Germany, Spain, and the UK over certain subsidies granted the EU large civil aircraft industry. For more information on this dispute and the subsequent WTO proceedings, see chapter 3 of this report.

In preparation for a WTO arbitrator’s report on the appropriate level of countermeasures, USTR requested comments on a list of products with an estimated trade value of $21 billion under consideration for additional duties of up to 100 percent. On July 5, 2019, USTR issued a notice requesting comments on a supplemental list of products valued at $4 billion for which additional duties of up to 100 percent also were being considered. USTR held public hearings and received written submissions.

On October 2, 2019, the WTO Arbitrator issued a report concluding that the appropriate level of countermeasures was about $7.5 billion annually. On October 9, 2019, the Trade Representative announced the determination to take action in the form of additional duties of 10 percent or 25 percent on products of certain member states with an annual trade value of about $7.5 billion, effective October 18, 2019.

On December 12, 2019, the Trade Representative announced a review of the action and, on February 14, 2020, modified the product list, and announced, at the direction of the President, the imposition of

175 The European Communities, the EU’s predecessor, was established in 1957 with six founding members. In 1993, the EU was established with 12 member states and grew to 15 during 1995–2004. Ten new member states joined during 2004–06, followed by three additional members in 2007–13. The EU contracted to 27 members in 2020 with the departure of the UK. EC, “Glossary: EU Enlargements,” accessed April 4, 2022.
177 WTO, Decision by the Arbitrator, European Communities and Certain Member States—Measures Affecting Trade in Large Civil Aircraft, ¶ 9.2, WTO Doc. WT/DS316/ARB (adopted October 2, 2019).
178 84 Fed. Reg. 54245 (October 9, 2019).
additional duty rates.\textsuperscript{179} Tariffs on aircraft imports from France, Germany, Spain and the UK were increased from 10 to 15 percent, and the list of various agricultural, food, alcohol, machinery, equipment, textile, and apparel products from certain EU member states subject to 25 percent ad valorem tariffs\textsuperscript{180} was modified, effective March 18, 2020.\textsuperscript{181}  

On June 26, 2020, the Trade Representative announced another review of the action, including a proposal to impose additional duties of up to 100 percent on a new list of products with an approximate annual trade value of $3.1 billion.\textsuperscript{182} The Trade Representative announced a revised action on August 12, 2020, including a determination that the action could be revised again upon any imposition of additional duties on U.S. products in connection with the dispute or with the EU's WTO challenge to the alleged subsidization of U.S. large civil aircraft.\textsuperscript{183} The list of non-aircraft products subject to 25 percent tariffs was modified with changes effective September 1, 2020.\textsuperscript{184} In late December 2020, the Trade Representative announced further modifications to these tariffs which entered into effect on January 12, 2021.\textsuperscript{185}  

In June 2021, the United States announced similar yet separate cooperative frameworks with the EU and the UK to address the large civil aircraft disputes, suspending the tariffs related to these disputes for five years, and agreeing upon a set of principles which will guide the cooperation between the them in this sector.\textsuperscript{186} Consistent with these frameworks, the Trade Representative determined to suspend the action resulting from the section 301 investigation for five years, beginning July 4, 2021, with respect to tariffs on goods of the UK, and beginning July 11, 2021, with respect to tariffs on goods of EU member states.\textsuperscript{187} USTR will monitor implementation by the EU and UK of the framework understandings and their respective measures related to the matters covered in the dispute. If the Trade Representative determines that either the EU or UK is not satisfactorily implementing the agreement or associated measures, then the Trade Representative will consider further action under section 301.\textsuperscript{188}  

\section*{Vietnam Currency}  

On October 2, 2020, the Trade Representative initiated a section 301 investigation of whether Vietnam's acts, policies, and practices related to currency valuation are unreasonable or discriminatory and burden or restrict U.S. commerce. According to USTR, the Government of Vietnam, through the State Bank of Vietnam, tightly manages the value of its currency and, based on available analysis, the currency had

\textsuperscript{180} An ad valorem tariff, which is the most common tariff form, calculates the duty as a percentage of the value of the product. World Bank, “Forms of Import Tariffs,” accessed April 18, 2022.  
\textsuperscript{181} 85 Fed. Reg. 10204 (February 21, 2020).  
\textsuperscript{184} 85 Fed. Reg. 50866 (August 18, 2020).  
\textsuperscript{187} 86 Fed. Reg. 36313 (July 9, 2021).  
\textsuperscript{188} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 75.
been undervalued over the prior three years. USTR further stated that the State Bank of Vietnam actively engaged in the exchange market in 2019, which contributed to the undervaluation.\textsuperscript{189} USTR solicited written comments and convened a virtual public hearing on December 29, 2020.\textsuperscript{190}

On January 22, 2021, USTR determined that Vietnam’s acts, policies, and practices related to the undervaluation of its currency through excessive foreign exchange market interventions were unreasonable under U.S. and international norms. USTR further determined that these activities constitute a burden or restriction on U.S. commerce and, accordingly, are actionable under section 301(b) of the Trade Act.\textsuperscript{191} On July 23, 2021, the Trade Representative found that no action under the section 301 investigation was warranted at the time in light of an agreement between Treasury and the State Bank of Vietnam regarding currency practices.\textsuperscript{192} USTR and Treasury indicated that they will monitor Vietnam’s implementation of the agreement, and if the Trade Representative determines that Vietnam is not satisfactorily implementing the agreement or associated measures, then the Trade Representative will consider further action under section 301.\textsuperscript{193}

**Vietnam Timber**

On October 2, 2020, the Trade Representative initiated a section 301 investigation regarding whether acts, policies, and practices related to Vietnam’s import and use of illegally harvested or traded timber are unreasonable or discriminatory and burden or restrict U.S. commerce. According to USTR, available evidence suggests that a significant portion of Vietnam’s timber imports, upon which the country’s wood products manufacturing sector relies, was illegally harvested, or traded. USTR raised particular concerns about timber from Cambodia, as well as other countries.\textsuperscript{194} USTR solicited written comments and convened a virtual public hearing on December 28, 2020.\textsuperscript{195} On October 1, 2021, the Trade Representative announced that the United States and Vietnam had reached an agreement addressing U.S. concerns about Vietnamese timber.\textsuperscript{196} The Trade Representative indicated that USTR will continue to monitor Vietnam’s implementation of the commitments it made in the agreement.\textsuperscript{197} If the Trade Representative determines that Vietnam is not satisfactorily implementing the agreement or associated measures, then further action will then be considered under section 301.\textsuperscript{198}

**Special 301 Investigations**

USTR conducts an annual review of the state of intellectual property rights (IPRs) enforcement and protection in U.S. trading partners pursuant to section 182 of the Trade Act, as amended, 19 U.S.C. § 2242 (known as “special 301”). Section 182(a) of the Trade Act requires the Trade Representative to
identify “those foreign countries that deny adequate and effective protection of intellectual property rights, or deny fair and equitable market access to United States persons that rely on intellectual property protection.” Under section 182(b), the Trade Representative identifies as “priority foreign countries” only those countries that have the most onerous or egregious acts, policies, or practices with the greatest actual or potential impact, and that are not entering into, or making significant progress in, good faith negotiations. Priority foreign countries are subject to an investigation under section 301 of the Trade Act.

To aid in the administration of the statute, USTR created a watch list and a priority watch list. Placement of a trading partner on either list means that particular problems exist in that country with respect to IPR protection, enforcement, or market access for persons relying on IPRs. Countries placed on the priority watch list are the focus of increased bilateral attention during the year. Section 182(g) of the Trade Act, as amended by the Trade Facilitation and Trade Enforcement Act of 2015, requires USTR to develop action plans for each country identified for placement on the priority watch list and that has remained on the list for at least one year.

USTR solicited broad public participation in the 2021 special 301 review process through a request for written submissions rather than an in-person hearing due to concerns related to the COVID-19 pandemic. The interagency Special 301 Subcommittee of the Trade Policy Staff Committee (“the subcommittee”) sent written questions regarding issues relevant to the review to those who submitted written comments, including to representatives of foreign governments, industry, and nongovernmental organizations. USTR and the subcommittee assessed U.S. trading partners’ IPR protection and enforcement, as well as related market access issues. Based on this assessment, the subcommittee, through the Trade Policy Staff Committee, provided advice to USTR.

USTR issued the 2021 Special 301 Report on April 30, 2021. In the report, USTR placed nine countries on the priority watch list: Argentina, Chile, China, India, Indonesia, Russia, Saudi Arabia, Ukraine, and Venezuela. These countries were also listed in the 2020 Special 301 Report. USTR removed one country, Algeria, from the list of priority watch countries based on efforts to increase engagement and cooperation with stakeholders, improve enforcement efforts, and reduce IP-related market access barriers. USTR stated that it would develop an action plan for each country that has been on the priority watch list for at least one year to encourage progress on high-priority IPR concerns.

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Antidumping and Countervailing Duty Investigations and Reviews

Antidumping Investigations

The U.S. antidumping law is found in Title VII of the Tariff Act of 1930, as amended. This law offers relief to U.S. industries that are materially injured by imports that are dumped—that is, sold at “less than fair value” (LTFV). The U.S. government provides a remedy by imposing an additional duty on LTFV imports.

Antidumping duties are imposed when (1) the U.S. Department of Commerce (USDOC) has determined that imports are being, or are likely to be, sold at LTFV in the United States, and (2) the Commission has determined that a U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of such imports. Such a conclusion is called an “affirmative determination.” Investigations are generally initiated in response to a petition filed with the USDOC and the Commission by or on behalf of a U.S. industry, but can be self-initiated by the USDOC. The USDOC and the Commission each make preliminary determinations and, if the Commission’s preliminary determination is affirmative, then each agency will make final determinations during the investigation process. The USDOC will issue an antidumping duty order if both agencies make affirmative final determinations in their respective investigations.

In general, imports are considered to be sold at LTFV when a foreign firm sells merchandise in the U.S. market at a price that is lower than the “normal value” of the merchandise. Generally, normal value is the price the foreign firm charges for a comparable product sold in its home market. Under certain circumstances, the foreign firm’s U.S. sales price may also be compared with the price the foreign firm charges in other export markets or with the firm’s cost of producing the merchandise, taking into account the firm’s “selling, general, and administrative expenses” and its profit. Under the law, this latter basis for comparison is known as “constructed value.” Finally, when the producer is located in a nonmarket economy, a comparison is made between average U.S. prices and a “surrogate” normal value (its factors of production, as valued by use of a “surrogate” country). A nonmarket-economy country means any foreign country that the administering authority determines does not operate on market principles of cost or pricing structures, so that prices paid on sales of merchandise in such a country do not reflect the fair value of the merchandise.

In all three instances, the amount by which the normal value exceeds the U.S. sales price is the “dumping margin.” The duty specified in an antidumping duty order reflects the weighted average

\[ \text{Duty} = \frac{\text{Dumping Margin} \times \text{Weighted Average}}{1} \]

[212] 19 U.S.C. § 1677(35)(A); see also 19 U.S.C. § 1677(a) (defining export price), § 1677a(b) (defining constructed export price).
[215] 19 U.S.C. § 1677b(c). Some examples of factors of production include hours of labor required, quantity of raw materials employed, amount of energy and other utilities consumed, and representative capital cost, including depreciation. 19 U.S.C. § 1677b(c)(3).
dumping margins found by the USDOC, both for the specific exporters it examined and for all other exporters.\textsuperscript{217} This rate of duty (in addition to any ordinary customs duty owed) will be applied to subsequent imports from the specified producers/exporters in the subject country, and may be adjusted if the USDOC receives a request for an annual review.\textsuperscript{218}

The Commission instituted 30 new antidumping investigations and made 21 preliminary determinations and 83 final determinations in 2021.\textsuperscript{219} As a result of affirmative final USDOC and Commission determinations, the USDOC issued 82 antidumping duty orders on 24 products from 37 countries in 2021 (table 2.1). The status of all antidumping investigations active at the Commission during 2021—including, if applicable, the date of final action—is presented in the interactive dashboard. It also includes a list of all antidumping duty orders and suspension agreements (agreements to suspend investigations) in effect as of the end of 2021.\textsuperscript{220}

### Table 2.1 Antidumping duty orders that became effective during 2021 (alphabetical by trade partner)

<table>
<thead>
<tr>
<th>Trade partner</th>
<th>Product</th>
<th>Range of dumping margins (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>Prestressed concrete steel wire strand</td>
<td>60.40</td>
</tr>
<tr>
<td>Armenia</td>
<td>Aluminum foil</td>
<td>29.11</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Common alloy aluminum sheet</td>
<td>4.83</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>Silicon metal</td>
<td>21.41</td>
</tr>
<tr>
<td>Brazil</td>
<td>Common alloy aluminum sheet</td>
<td>49.61–137.06</td>
</tr>
<tr>
<td>Brazil</td>
<td>Aluminum foil</td>
<td>13.93–63.05</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Mattresses</td>
<td>52.41</td>
</tr>
<tr>
<td>China</td>
<td>Wood moldings and millwork products</td>
<td>45.49–231.60</td>
</tr>
<tr>
<td>China</td>
<td>Vertical shaft engines</td>
<td>185.65–468.33</td>
</tr>
<tr>
<td>China</td>
<td>Difluoromethane (R-32)</td>
<td>161.49–221.06</td>
</tr>
<tr>
<td>China</td>
<td>Corrosion inhibitors</td>
<td>130.52–277.90</td>
</tr>
<tr>
<td>China</td>
<td>Small vertical shaft engines</td>
<td>316.88–541.75</td>
</tr>
<tr>
<td>China</td>
<td>Nonrefillable steel cylinders</td>
<td>74.32–112.21</td>
</tr>
<tr>
<td>China</td>
<td>Walk-behind lawn mowers</td>
<td>98.73–274.29</td>
</tr>
<tr>
<td>China</td>
<td>Twist ties</td>
<td>72.96</td>
</tr>
<tr>
<td>China</td>
<td>Metal lockers</td>
<td>21.25–322.25</td>
</tr>
<tr>
<td>China</td>
<td>Chassis and subassemblies</td>
<td>188.05</td>
</tr>
<tr>
<td>Colombia</td>
<td>Prestressed concrete steel wire strand</td>
<td>86.09</td>
</tr>
<tr>
<td>Croatia</td>
<td>Common alloy aluminum sheet</td>
<td>3.19</td>
</tr>
</tbody>
</table>


\textsuperscript{218} 19 U.S.C. § 1675(a).

\textsuperscript{219} Data reported here and in the following two sections (“Countervailing Duty Investigations” and “Reviews of Outstanding Antidumping and Countervailing Duty Orders/Suspension Agreements”) reflect the total number of investigations. In other Commission reports, these data are grouped by product because the same investigative team and all of the parties participate in a single grouped proceeding, and the Commission generally produces one report and issues one opinion containing its separate determinations for each investigation.

\textsuperscript{220} An antidumping investigation may be suspended if exporters that supply substantially all of the imports of the merchandise under investigation agree either to eliminate the dumping or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if exporters agree to revise prices to completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it was not continued after the suspension agreement was issued, if the USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1673c.
<table>
<thead>
<tr>
<th>Trade partner</th>
<th>Product</th>
<th>Range of dumping margins (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>Seamless standard line and pressure pipe</td>
<td>51.07–51.70</td>
</tr>
<tr>
<td>Egypt</td>
<td>Common alloy aluminum sheet</td>
<td>12.11</td>
</tr>
<tr>
<td>Egypt</td>
<td>Prestressed concrete steel wire strand</td>
<td>29.72</td>
</tr>
<tr>
<td>France</td>
<td>Methionine</td>
<td>16.17–43.82</td>
</tr>
<tr>
<td>Germany</td>
<td>Fluid end blocks</td>
<td>4.79–78.36</td>
</tr>
<tr>
<td>Germany</td>
<td>Common alloy aluminum sheet</td>
<td>49.40–242.80</td>
</tr>
<tr>
<td>Germany</td>
<td>Thermal paper</td>
<td>2.90</td>
</tr>
<tr>
<td>Iceland</td>
<td>Silicon metal</td>
<td>37.83–47.54</td>
</tr>
<tr>
<td>India</td>
<td>Common alloy aluminum sheet</td>
<td>0.00–47.92</td>
</tr>
<tr>
<td>India</td>
<td>Utility scale wind towers</td>
<td>54.03</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Common alloy aluminum sheet</td>
<td>32.12</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Mattresses</td>
<td>2.22</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Prestressed concrete steel wire strand</td>
<td>5.76–72.28</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Polyester textured yarn</td>
<td>7.47–26.07</td>
</tr>
<tr>
<td>Italy</td>
<td>Fluid end blocks</td>
<td>0.00–58.48</td>
</tr>
<tr>
<td>Italy</td>
<td>Common alloy aluminum sheet</td>
<td>0.00–29.13</td>
</tr>
<tr>
<td>Italy</td>
<td>Prestressed concrete steel wire strand</td>
<td>3.59–19.26</td>
</tr>
<tr>
<td>Japan</td>
<td>Methionine</td>
<td>76.50</td>
</tr>
<tr>
<td>Japan</td>
<td>Thermal paper</td>
<td>135.06–140.25</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Mattresses</td>
<td>42.92</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Prestressed concrete steel wire strand</td>
<td>3.94–26.95</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Silicon metal</td>
<td>12.27</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Utility scale wind towers</td>
<td>3.20</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Polyester textured yarn</td>
<td>8.50</td>
</tr>
<tr>
<td>Mexico</td>
<td>Standard steel welded wire mesh</td>
<td>23.04–110.42</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Prestressed concrete steel wire strand</td>
<td>30.86</td>
</tr>
<tr>
<td>Oman</td>
<td>Common alloy aluminum sheet</td>
<td>5.29</td>
</tr>
<tr>
<td>Oman</td>
<td>Aluminum foil</td>
<td>3.89</td>
</tr>
<tr>
<td>Romania</td>
<td>Common alloy aluminum sheet</td>
<td>12.51–37.26</td>
</tr>
<tr>
<td>Russia</td>
<td>Seamless standard line and pressure pipe</td>
<td>209.72</td>
</tr>
<tr>
<td>Russia</td>
<td>Aluminum foil</td>
<td>62.18</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>Prestressed concrete steel wire strand</td>
<td>194.40</td>
</tr>
<tr>
<td>Serbia</td>
<td>Common alloy aluminum sheet</td>
<td>11.67–25.84</td>
</tr>
<tr>
<td>Serbia</td>
<td>Mattresses</td>
<td>112.11</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Common alloy aluminum sheet</td>
<td>13.43</td>
</tr>
<tr>
<td>South Africa</td>
<td>Common alloy aluminum sheet</td>
<td>8.85</td>
</tr>
<tr>
<td>South Africa</td>
<td>Prestressed concrete steel wire strand</td>
<td>155.10</td>
</tr>
<tr>
<td>Spain</td>
<td>Common alloy aluminum sheet</td>
<td>3.80–24.23</td>
</tr>
<tr>
<td>Spain</td>
<td>Prestressed concrete steel wire strand</td>
<td>14.75</td>
</tr>
<tr>
<td>Spain</td>
<td>Methionine</td>
<td>37.53</td>
</tr>
<tr>
<td>Spain</td>
<td>Utility scale wind towers</td>
<td>73.00</td>
</tr>
<tr>
<td>Spain</td>
<td>Thermal paper</td>
<td>37.07–41.45</td>
</tr>
<tr>
<td>South Korea</td>
<td>Passenger vehicle and light truck tires</td>
<td>14.72–27.05</td>
</tr>
<tr>
<td>South Korea</td>
<td>Seamless standard line and pressure pipe</td>
<td>4.48</td>
</tr>
<tr>
<td>South Korea</td>
<td>Thermal paper</td>
<td>6.19</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Common alloy aluminum sheet</td>
<td>17.50</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Prestressed concrete steel wire strand</td>
<td>23.89</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Passenger vehicle and light truck tires</td>
<td>20.04–101.84</td>
</tr>
<tr>
<td>Thailand</td>
<td>Mattresses</td>
<td>37.48–763.28</td>
</tr>
<tr>
<td>Thailand</td>
<td>Passenger vehicle and light truck tires</td>
<td>14.59–21.09</td>
</tr>
</tbody>
</table>
### Countervailing Duty Investigations

The U.S. countervailing duty law is also set forth in Title VII of the Tariff Act of 1930, as amended.\(^{221}\) It provides for the imposition of additional duties to offset (“countervail”) foreign subsidies on products imported into the United States.\(^{222}\) In general, procedures for such investigations are similar to those under the antidumping law. Petitions are filed with the USDOC (the administering authority) and with the Commission. Before a countervailing duty order can be issued, the USDOC must find that a countervailable subsidy exists. In addition, the Commission must make an affirmative determination that a U.S. industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, because of the subsidized imports.

The Commission instituted 16 new countervailing duty investigations and made 11 preliminary determinations and 30 final determinations during 2021. The USDOC issued 30 countervailing duty orders on 21 products from 14 countries in 2021 as a result of affirmative USDOC and Commission determinations (table 2.2). The status of all countervailing duty investigations active at the Commission during 2021, and, if applicable, the date of final action, is presented in the interactive dashboard. A list of all countervailing duty orders and suspension agreements in effect at the end of 2021 appears in the interactive dashboard.\(^{223}\)

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\(^{221}\) 19 U.S.C. § § 1671–1671h.

\(^{222}\) A subsidy is defined as a financial benefit given by an authority (a government of a country or any public entity within the territory of the country) to a person, in which the authority either (1) provides a financial contribution, (2) provides any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade 1994, or (3) makes a payment to a funding mechanism to provide a financial contribution, or entrusts or directs a private entity to make a financial contribution, if providing the contribution would normally be vested in the government and the practice does not differ in substance from practices normally followed by governments. See 19 U.S.C. § 1677(5)(B).

\(^{223}\) A countervailing duty investigation may be suspended if the government of the subsidizing country or exporters accounting for substantially all of the imports of the merchandise under investigation agree to eliminate the
Table 2.2 Countervailing duty orders that became effective during 2021 (alphabetical by trade partner)

<table>
<thead>
<tr>
<th>Trade partner</th>
<th>Product</th>
<th>Range of countervailable subsidy rates (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>Common alloy aluminum sheet</td>
<td>6.44</td>
</tr>
<tr>
<td>China</td>
<td>Fluid end blocks</td>
<td>16.80–336.55</td>
</tr>
<tr>
<td>China</td>
<td>Wood mouldings and millwork products</td>
<td>20.56–252.29</td>
</tr>
<tr>
<td>China</td>
<td>Vertical shaft engines</td>
<td>18.96–20.38</td>
</tr>
<tr>
<td>China</td>
<td>Corrosion inhibitors</td>
<td>61.62–239.21</td>
</tr>
<tr>
<td>China</td>
<td>Twist ties</td>
<td>111.96</td>
</tr>
<tr>
<td>China</td>
<td>Small vertical shaft engines</td>
<td>2.84–18.13</td>
</tr>
<tr>
<td>China</td>
<td>Chassis and subassemblies</td>
<td>44.32</td>
</tr>
<tr>
<td>China</td>
<td>Nonrefillable steel cylinders</td>
<td>18.37–186.18</td>
</tr>
<tr>
<td>China</td>
<td>Walk-behind lawn mowers</td>
<td>13.67–20.98</td>
</tr>
<tr>
<td>China</td>
<td>Metal lockers</td>
<td>24.66–131.51</td>
</tr>
<tr>
<td>China</td>
<td>Mobile access equipment and subassemblies</td>
<td>11.97–448.80</td>
</tr>
<tr>
<td>China</td>
<td>Mattresses</td>
<td>97.78</td>
</tr>
<tr>
<td>Germany</td>
<td>Fluid end blocks</td>
<td>5.86–14.81</td>
</tr>
<tr>
<td>India</td>
<td>Fluid end blocks</td>
<td>5.20</td>
</tr>
<tr>
<td>India</td>
<td>Common alloy aluminum sheet</td>
<td>4.89–35.25</td>
</tr>
<tr>
<td>India</td>
<td>Utility scale wind towers</td>
<td>2.25–397.70</td>
</tr>
<tr>
<td>Italy</td>
<td>Fluid end blocks</td>
<td>3.12–44.86</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Silicon metal</td>
<td>160.00</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Utility scale wind towers</td>
<td>6.42</td>
</tr>
<tr>
<td>Mexico</td>
<td>Standard steel welded wire mesh</td>
<td>1.03–102.10</td>
</tr>
<tr>
<td>Morocco</td>
<td>Phosphate fertilizers</td>
<td>19.97</td>
</tr>
<tr>
<td>Oman</td>
<td>Aluminum foil</td>
<td>1.93</td>
</tr>
<tr>
<td>Russia</td>
<td>Phosphate fertilizers</td>
<td>9.19–47.05</td>
</tr>
<tr>
<td>Russia</td>
<td>Seamless carbon and alloy steel standard, line,</td>
<td>48.38</td>
</tr>
<tr>
<td></td>
<td>and pressure pipe</td>
<td></td>
</tr>
<tr>
<td>South Korea</td>
<td>Phosphate fertilizers</td>
<td>1.78</td>
</tr>
<tr>
<td>Turkey</td>
<td>Prestressed concrete steel wire strand</td>
<td>30.78–158.44</td>
</tr>
<tr>
<td>Turkey</td>
<td>Common alloy aluminum sheet</td>
<td>2.56–4.34</td>
</tr>
<tr>
<td>Turkey</td>
<td>Aluminum foil</td>
<td>2.60</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Passenger vehicle and light truck tires</td>
<td>6.23–7.89</td>
</tr>
</tbody>
</table>

Source: Compiled by the USITC from Federal Register notices.
Note: Countervailing duty orders become effective following final affirmative determinations by the USDOC and the Commission. The rates in the table apply in addition to any ordinary customs duty owed.

Reviews of Outstanding Antidumping Duty and Countervailing Duty Orders and Suspensions Agreements

Section 751(a) of the Tariff Act of 1930 requires the USDOC, if requested, to conduct annual reviews of outstanding antidumping duty and countervailing duty (AD/CVD) orders to ascertain the amount of any subsidy, to completely offset the net subsidy, or to cease exports of the merchandise to the United States within six months. In extraordinary circumstances, an investigation may be suspended if the government of the subsidizing country or exporters agrees to completely eliminate the injurious effect of exports of the merchandise in question to the United States. A suspended investigation is resumed, assuming it had not previously been continued after issuance of the suspension agreement, if the USDOC determines that the suspension agreement has been violated. See 19 U.S.C. § 1671c.
net subsidy or dumping margin and to determine compliance with suspension agreements. Section 751(b) also authorizes the USDOC and the Commission, as appropriate, to review certain outstanding determinations and agreements after receiving information or a petition that shows changed circumstances. Where a changed-circumstances review is directed to the Commission, the party that is asking to have an AD/CVD order revoked or a suspended investigation terminated has the burden of persuading the Commission that circumstances have changed enough to warrant revocation. On the basis of reviews from either the USDOC or the Commission, the USDOC may revoke an AD/CVD order in whole or in part, or may either terminate or resume a suspended investigation.

The “sunset” process began in 1995. It is subject to section 751(c) of the Tariff Act of 1930, which requires both the USDOC and the Commission to conduct sunset reviews of existing AD/CVD orders and suspension agreements five years after their initial publication and five years after publication of any subsequent determination to continue them. These reviews are intended to determine whether revoking an order or terminating a suspension agreement would be likely to lead to the continuation or recurrence of dumping or a countervailable subsidy and to material injury. If either the USDOC or the Commission reach negative determinations, the order will be revoked or the suspension agreement terminated. During 2021, the USDOC initiated, and the Commission instituted 114 sunset reviews of existing AD/CVD orders or suspended investigations, and the Commission completed 56 reviews. As a result of affirmative determinations by the USDOC and the Commission, 56 antidumping duty and countervailing duty orders were continued. The AD/CVD tables in the interactive dashboard lists, by date and action, the reviews of antidumping duty and countervailing duty orders and suspended investigations completed in 2021.

Section 129 Determinations

Section 129 of the Uruguay Round Agreements Act sets out a procedure by which the United States may respond to an adverse WTO panel or Appellate Body report concerning U.S. obligations under the WTO agreements on safeguards, antidumping, or subsidies and countervailing measures. Specifically, section 129 establishes a mechanism permitting USTR to request that the agencies concerned—the USDOC and the Commission—issue a consistency or compliance determination, where such action is appropriate, to respond to the recommendations in a WTO panel or Appellate Body report. Neither the USDOC or the Commission made any determinations under section 129 during 2021, nor were any proceedings in process.

Section 337 Investigations

Background

Over one hundred years ago, Congress enacted the Fordney-McCumber Tariff Act of 1922, which, among many other provisions, gave the Tariff Commission (the predecessor of the Commission) the responsibility for investigating allegations of unfair practices in the import trade. This provision later

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224 19 U.S.C. §§ 1675(b) and 1675(b)(3).
became section 337 of the Tariff Act of 1930, as amended, or, colloquially, “section 337.” In its current form, section 337 prohibits various unfair acts in the importation and sale of articles in the United States, and is most commonly asserted in connection with allegations of patent infringement. In this context, section 337 prohibits the importation into the United States, the sale for importation, and the sale within the United States after importation of articles that infringe a valid and enforceable U.S. patent, provided that an industry in the United States, relating to articles protected by the patent concerned, exists or is in the process of being established. Similar requirements govern investigations involving infringement of other federally registered intellectual property rights, including registered trademarks, registered copyrights, registered mask works, and registered vessel hull designs. In addition, the Commission has general authority to investigate other unfair methods of competition and unfair acts in the importation and sale of products in the United States (such as products manufactured abroad using stolen trade secrets), the threat or effect of which is to destroy or injure a U.S. industry, to prevent the establishment of a U.S. industry, or to restrain or monopolize trade and commerce in the United States. The Commission may institute an investigation on the basis of a complaint or on its own initiative.

If the Commission determines that a violation of section 337 has occurred, it will issue an exclusion order directing the U.S. Customs and Border Protection to block the imports in question from entry into the United States. This can take the form of a limited exclusion order, excluding the products of a named respondent in an investigation, or a general exclusion order, excluding all infringing products, regardless of source. The Commission can also issue cease and desist orders that direct the violating parties to stop engaging in the unlawful practices. The orders are effective upon issuance and become final, unless disapproved for policy reasons by USTR within 60 days of issuance.

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228 19 U.S.C. § 1337(a)(1)(B). Section 337 also applies to articles that are made, produced, processed, or mined under, or by means of, a process covered by the claims of a valid and enforceable United States patent. 19 U.S.C. § 1337(a)(1)(B)(ii).
229 A mask work is “a series of related images, however fixed or encoded—(A) having or representing the predetermined, three-dimensional pattern of metallic, insulating, or semiconductor material present or removed from the layers of a semiconductor chip product; and (B) in which series the relation of the images to one another is that each image has the pattern of the surface of one form of the semiconductor chip product.” U.S. Copyright Office, “Compendium Chapter 1200: Mask Works,” January 28, 2021.
231 Other unfair methods of competition and unfair acts have included common-law trademark infringement, trademark dilution, trade dress infringement, false advertising, false designation of origin, and antitrust violations. Unfair practices that involve the importation of dumped or subsidized merchandise must be pursued under antidumping or countervailing duty provisions, not under section 337.
232 19 U.S.C. § 1337(b)(1). Section 337 investigations at the Commission are conducted before an administrative law judge (ALJ) in accordance with the Administrative Procedure Act, 5 U.S.C. §§ 551 et seq. See 19 C.F.R. §§ 210 et seq. The ALJ conducts an evidentiary hearing and makes an initial determination, which is transmitted to the Commission for review. See 19 C.F.R. § 210.10(b)(2). If the Commission finds a violation, it must determine the appropriate remedy, the amount of any bond to be collected while its determination is under review by USTR, and whether public-interest considerations preclude issuing a remedy. 19 U.S.C. §1337(d), (f)-(g).
233 Although rare, the Commission may also issue temporary or preliminary relief pending the outcome of an investigation. 19 U.S.C. § 1337(e).
234 19 U.S.C. § 1337(j). Although the statute reserves the review for the President, since 2005 this function has been officially delegated to USTR. 70 Fed. Reg. 43251 (July 26, 2005).
Developments in 2021

During calendar year 2021, section 337 activity continued to be near historic highs. There were 127 active section 337 investigations and ancillary (secondary) proceedings, 73 of which were instituted that year. Of these 73 new proceedings, 52 were new section 337 investigations and 21 were new ancillary proceedings relating to previously concluded investigations. In 46 of the new section 337 investigations instituted in 2021, patent infringement was the only type of unfair act alleged. Of the remaining 6 investigations, 2 involved allegations of patent and trademark infringement; 1 involved allegations of patent infringement and false designation of origin; 1 involved allegations of trademark infringement; 1 involved allegations of trademark infringement, trademark dilution, and false designation of origin; and 1 involved allegations of trade secret misappropriation.

The Commission completed a total of 67 investigations and ancillary proceedings under section 337 in 2021, including 9 rescission proceedings, 3 remand proceedings, 2 advisory opinion proceedings, 2 modification proceedings, and 4 bond-related proceedings. In addition, the Commission issued 5 general exclusion orders, 8 limited exclusion orders, and 24 cease and desist orders during 2021. Of the 21 investigations in which the Commission rendered a final determination on the merits, the Commission found a violation of section 337 in 12 investigations and no violation in 9 investigations. The Commission terminated 26 investigations without determining whether there had been a violation; 23 of those were terminated on the basis of settlement agreements and/or consent orders and 3 were terminated based on withdrawal of the complaint. Commission activities involving 337 proceedings in 2021 are presented in the interactive dashboard.

As in past years, the section 337 investigations active in 2021 involved a broad spectrum of products. Technology products remained the single largest category, with approximately 28 percent of the active proceedings involving computer and telecommunications equipment, and another approximately 14 percent involving consumer electronics. The second-largest category was pharmaceuticals and medical devices, which were at issue in about 14 percent of the active proceedings. Automotive, manufacturing, and transportation products were at issue in about 9 percent of the active proceedings. However, many other types of articles were also at issue in section 337 investigations this year, including organic light-emitting diode (OLED) displays, wood-pellet grills, can openers, toner cartridges, landscape lights, artificial sweeteners, electrolyte drinks, casual shoes, baseball bats, and children’s playards and strollers. Table 2.3 provides a listing of the categories of products at issue.

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235 An ancillary proceeding is a secondary or follow-up proceeding related to a previously concluded section 337 investigation. As examples, these proceedings may be based on requests to enforce, modify, or rescind remedial orders issued by the Commission in a concluded section 337 investigation, or requests for advisory opinions as to the scope of such orders. See, e.g., 19 C.F.R. §§ 210.75, 210.76, 210.79.

236 In this context, remand refers to proceedings after a case has been sent back to the Commission by the United States Court of Appeals for the Federal Circuit following an appeal of the Commission’s final determination by one or more parties to the investigation.

237 A rescission proceeding is a proceeding to determine whether or not to cancel (rescind) a previously issued remedial order. A remand is a situation in which the U.S. Court of Appeals for the Federal Circuit has directed the Commission to conduct additional proceedings with respect to a previously concluded investigation.

238 The category of computer and telecommunications equipment refers to products such as desktops, laptops, tablets, cell phones, apple watches, base stations, and similar or related items, while consumer electronics refers to other types of electronic products that are used by individuals, such as DVD players or iPods.
Table 2.3 Share of products in active section 337 investigation proceedings, 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Share of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer and telecommunications equipment</td>
<td>28.3</td>
</tr>
<tr>
<td>Consumer electronics</td>
<td>14.2</td>
</tr>
<tr>
<td>Pharmaceuticals and medical devices</td>
<td>14.2</td>
</tr>
<tr>
<td>Automotive, manufacturing, and transportation products</td>
<td>8.7</td>
</tr>
<tr>
<td>Small consumer products</td>
<td>4.7</td>
</tr>
<tr>
<td>Chemical compositions</td>
<td>3.1</td>
</tr>
<tr>
<td>Lighting products</td>
<td>3.1</td>
</tr>
<tr>
<td>Printing products</td>
<td>1.6</td>
</tr>
<tr>
<td>Integrated circuits</td>
<td>0.8</td>
</tr>
<tr>
<td>Liquid crystal displays (LCDs)/TVs</td>
<td>0.8</td>
</tr>
<tr>
<td>Other</td>
<td>20.5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: USITC calculations.

At the close of 2021, 60 section 337 investigations and ancillary proceedings were pending at the Commission. As of December 31, 2021, there were 128 exclusion orders based on violations of section 337 in effect. The interactive dashboard lists the investigations in which these exclusion orders were issued. Copies of the exclusion orders are available on the Commission’s website. For additional detailed information about 337 investigations instituted since October 1, 2008, see the Commission’s “337Info” database.

National Security Investigations

Background

Section 232 of the Trade Expansion Act of 1962 provides for investigations by the Secretary of Commerce (Secretary) to determine effects on national security of imports of articles. Section 232(b) of the Act requires the Secretary, upon request of the head of any department or agency, upon application of an interested party, or upon the Secretary's own motion, to initiate an appropriate investigation to determine the effects on the national security of imports of the article that is the subject of the request, application, or motion. The Secretary must submit a report to the President within 270 days of instituting an investigation. The report must include the Secretary’s findings “with respect to the effect of the importation of such article in such quantities or under such circumstances upon the national security” and recommendations for action or inaction. The statute also provides that if the Secretary finds that the imported article “is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security,” the Secretary must so advise the President in the report.

Within 90 days of receiving such a report from the Secretary, the President must determine whether the President concurs with the finding of the Secretary, and if the President concurs, must determine the

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nature and duration of the action that must be taken to adjust imports of the article and its derivatives so that such imports will not threaten to impair the national security.\textsuperscript{241}

During 2021, the USDOC instituted one new investigation under the national security provisions in section 232 of the Trade Expansion Act of 1962 (table 2.4).\textsuperscript{242} No new section 232 measures were imposed by the President during 2021.

<table>
<thead>
<tr>
<th>Investigation</th>
<th>Instituted</th>
<th>Report Submitted</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>April 19, 2017</td>
<td>Jan. 11, 2018</td>
<td>President concurred, tariffs</td>
</tr>
<tr>
<td>Aluminum</td>
<td>April 26, 2017</td>
<td>Jan. 17, 2018</td>
<td>President concurred, tariffs</td>
</tr>
<tr>
<td>Automobiles</td>
<td>May 23, 2018</td>
<td>Feb. 17, 2019</td>
<td>President concurred, no measures</td>
</tr>
<tr>
<td>Titanium</td>
<td>July 18, 2018</td>
<td>April 14, 2019</td>
<td>President did not concur, no tariffs,</td>
</tr>
<tr>
<td>Sponge</td>
<td>March 4, 2019</td>
<td>Nov. 29, 2019</td>
<td>President concurred, no tariffs, negotiations</td>
</tr>
<tr>
<td>Grain-steel</td>
<td>May 11, 2020</td>
<td>Oct. 15, 2020</td>
<td>Partial determination by Commerce,</td>
</tr>
<tr>
<td>Vanadium</td>
<td>May 28, 2020</td>
<td>Feb. 22, 2021</td>
<td>Negative determination by Commerce</td>
</tr>
<tr>
<td>Neodymium</td>
<td>Sept. 21, 2021</td>
<td>None</td>
<td>Pending</td>
</tr>
<tr>
<td>magnets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


**Developments in 2021**

**Steel and Aluminum**

On March 8, 2018, the President issued two proclamations, Proclamation 9705 imposing additional tariffs of 25 percent ad valorem on certain steel products and Proclamation 9704, imposing 10 percent ad valorem on certain aluminum products.\textsuperscript{243} The President issued the proclamations following receipt of reports and findings from the Secretary of Commerce under section 232 of the Trade Expansion Act of 1962 following the initiation of investigations on April 19 (steel) and April 26 (aluminum), 2017.\textsuperscript{244} The President modified the proclamations several times after the initiation of the actions in 2018 to exempt certain countries and products.\textsuperscript{245} In January 2020, the President further modified the steel and aluminum tariffs to also apply to certain derivative steel and aluminum articles.\textsuperscript{246} On October 31, 2021, the United States and the EU reached an agreement resulting in the elimination of the additional duties

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\textsuperscript{241} 19 U.S.C. § 1862(c)(1)(A).
\textsuperscript{242} 19 U.S.C. § 1862.
\textsuperscript{244} USDOC, BIS, OTE, *The Effect of Imports of Steel on the National Security*, January 11, 2018.
on steel and aluminum imported from the EU.\textsuperscript{247} The agreement, which became effective on January 1, 2022, involved replacing the additional duties with a tariff-rate quota permitting historical levels of steel and aluminum imports to be imported into the United States without additional duties.\textsuperscript{248} On December 9, 2021, the President removed certain exclusions from the steel and aluminum tariffs after determining that they no longer met the criteria for exclusion after an analysis of the products covered and a review of public comments.\textsuperscript{249} The additional duties remained in effect through the end of 2021, with the exception of the exclusions and modifications described above.

### Automobiles and Automotive Parts

The Secretary of Commerce initiated an investigation on automobiles and automobile parts on May 23, 2018, to determine the effects on the national security of imports of automobiles, including cars, sport utility vehicles (SUVs), vans and light trucks, and automobile parts.\textsuperscript{250} On February 17, 2019, the Secretary transmitted the report to the President. The Secretary found and advised the President that imports of such automobiles and automobile parts threatened to impair the national security. One recommendation by the Secretary was to pursue negotiations to obtain agreements addressing the threatened impairment of national security. In the Secretary’s judgment, successful negotiations could allow American-owned automobile producers to achieve long-term economic viability and increase research and development spending to develop cutting-edge technologies that are critical to the defense industry.\textsuperscript{251}

On May 17, 2019, the President announced that he concurred with the Secretary’s finding and directed the Trade Representative, in consultation with other officials, to pursue negotiation of agreements to address the threatened impairment of national security due to imports of automobiles and automobile parts from the EU, Japan, and other trading partners.\textsuperscript{252} The President further directed the Trade Representative to provide an update within 180 days and directed the Secretary to continue to monitor imports.\textsuperscript{253} The President announced that if agreements were not reached within 180 days, he would determine whether and what further action would need to be taken.\textsuperscript{254} In July 2021, the Bureau of Industry and Security (BIS) published the report containing the Secretary’s findings made at the conclusion of the investigation in 2020.\textsuperscript{255} As described in the report, the Secretary determined that the displacement of domestic products by excessive imports is causing a weakening of the internal national economy that may impair the national security.\textsuperscript{256} The Secretary made three subsequent

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\textsuperscript{249} 86 Fed. Reg. 70003 (December 9, 2021).
\textsuperscript{251} See Proclamation No. 9888, 84 Fed. Reg. 23433 (May 21, 2019).
\textsuperscript{252} Protected foreign markets like the EU and Japan were highlighted as exacerbating the negative effects of imports in the President’s proclamation, as they limit entry of U.S. automotive exports, which prevents U.S. producers “from developing alternative sources of revenue for R&D in the face of declining domestic sales.” Proclamation 9888, 84 Fed. Reg. 23433 (May 21, 2019).
\textsuperscript{253} Proclamation 9888, 84 Fed. Reg. 23433 (May 21, 2019).
\textsuperscript{254} White House, “President Trump Signs Proclamation to Pursue Negotiations on Automobiles,” May 17, 2019.
\textsuperscript{256} USDOC, BIS, OTE, \textit{The Effect of Imports of Automobiles and Automobile Parts on the National Security}, February 17, 2019, 108–9.
recommendations as possible options to remove the threatened impairment of the national security.\textsuperscript{257} No further action had been taken as of the end of 2021.

**Uranium**

The Secretary of Commerce initiated an investigation on July 18, 2018, into the effect of imports of uranium (uranium ore, uranium concentrate, uranium hexafluoride, enriched uranium, and enriched uranium in fuel assemblies) on the national security.\textsuperscript{258} On April 14, 2019, the Secretary transmitted his report to the President and reported that uranium is being imported into the United States in such quantities and under such circumstances as to threaten to impair the national security.\textsuperscript{259} The report stated that the United States currently imports about 93 percent of its commercial uranium, compared to 85.8 percent in 2009. The Secretary attributed the increase to elevated production by foreign state-owned enterprises, which he said, “have distorted global prices and made it more difficult for domestic mines to compete.”\textsuperscript{260}

The President did not concur with the Secretary’s finding. Although stating that the Secretary’s findings raise significant concerns, the President concluded “that a fuller analysis of national security considerations with respect to the entire nuclear fuel supply chain is necessary at this time.”\textsuperscript{261} The President stated that domestic mining, milling, and conversion of uranium, while significant, “are only part of the nuclear supply chain necessary for national security.”\textsuperscript{262} To address the concerns identified by the Secretary, the President directed that the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy establish a United States Nuclear Fuel Working Group (Working Group) to develop recommendations for reviving and expanding domestic nuclear fuel production.\textsuperscript{263} The Working Group released its policy recommendations in April 2020. The recommendations called for the U.S. government to bolster the uranium mining industry, end reliance on foreign uranium enrichment, and remove strategic vulnerabilities across the nuclear fuel cycle, among others.\textsuperscript{264} In July 2021, the BIS published the report containing the Secretary’s findings made at the conclusion of the investigation in 2019.\textsuperscript{265}

**Titanium Sponge**

On March 4, 2019, in response to a petition, the Secretary of Commerce initiated an investigation to determine the effects on the national security of imports of titanium sponge.\textsuperscript{266} Titanium sponge is used in a broad range of national defense-related applications including helicopter blades, tank armor, and

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\textsuperscript{257} USDOC, BIS, OTE, *The Effect of Imports of Automobiles and Automobile Parts on the National Security*, February 17, 2019, 110.

\textsuperscript{258} 83 Fed. Reg. 35204 (July 25, 2018).

\textsuperscript{259} White House, “Memorandum on the Effect of Uranium Imports,” July 12, 2019.


\textsuperscript{262} White House, “Memorandum on the Effect of Uranium Imports,” July 12, 2019.


\textsuperscript{266} 84 Fed. Reg. 35204 (March 8, 2019).
fighter jet airframes and engines. The Secretary transmitted the report to the President on November 29, 2019, advising the President of the finding that titanium sponge is being imported into the United States in such quantities and under such conditions as to threaten to impair the national security. The Secretary stated that imports account for 68 percent of U.S. consumption of titanium sponge and that 94.4 percent of titanium sponge imports in 2018 were from Japan.

In a February 27, 2020 memorandum, the President concurred with the Secretary’s finding and agreed with the Secretary’s recommendation that actions to adjust imports under section 232 should not be taken at this time, because measures other than the adjustment of imports are more likely to be effective to address the threatened impairment of the national security. Based on that recommendation, the President directed officials to negotiate with Japan to ensure access to titanium sponge in the United States for use for national defense and critical industries in an emergency. The President also directed the Secretary of Defense to take all appropriate action to increase access to titanium sponge for national defense and critical industries. In July 2021, the BIS published the report containing the Secretary’s findings made at the conclusion of the investigation in 2019.

**Grain-Oriented Electrical Steel**

On May 11, 2020, based on inquiries and requests from interested parties in the United States, the Secretary of Commerce initiated an investigation to determine the effects on the national security of imports of grain-oriented electrical steel (GOES), including laminations for stacked cores for incorporation into transformers, stacked cores for incorporation into transformers, wound cores for incorporation into transformers, and transformer regulators. The United States and Mexico issued a joint statement on May 17, 2020, committing to, among other things, address the transshipment of steel and aluminum products, including GOES, from outside the North American region into the United States.

On November 5, 2020, USTR announced that the United States and Mexico had successfully concluded consultations regarding the transshipment of GOES from outside the North American region into the United States through downstream products containing GOES. As a result of the consultations, Mexico agreed to establish a strict monitoring regime for exports of electrical transformer laminations and cores made of non-North American GOES. Mexico also agreed to closely monitor shipments of these products to the United States from the fourth quarter onward. In response to the steps taken by Mexico, the United States agreed to not implement any section 232 action to adjust imports from Mexico of electrical transformers and related parts. The United States and Mexico also agreed to consult

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at regular intervals on the implementation of these agreed measures and on the state of bilateral trade
and market conditions relating to these products.276 In July 2021, the BIS published the report containing
the Secretary’s findings made at the conclusion of the investigation in 2020.277 As described in the
report, the Secretary determined that certain transformers and certain transformer components were
imported at a level that threatened or impaired national security and made seven recommendations to
address the threat.278 The Secretary determined that the other transformers and transformer
components subject to the investigation did not have such an impact.279 No further action had been
taken as of the end of 2021.

**Vanadium**

On May 28, 2020, in response to a petition, the Secretary of Commerce initiated an investigation to
determine the effects on the national security of imports of vanadium.280 Vanadium is a metal used in
the production of metal alloys that are integrated into a range of national defense-related projects; the
U.S. Department of the Interior has designated it as a critical mineral.281 The period for public comment,
which initially closed on July 20, 2020, was reopened on September 25, 2020, and extended to October
9, 2020.282 The Secretary concluded the report on February 22, 2021.283 The Secretary determined that
imports of vanadium did not threaten or impair national security.284 But the Secretary acknowledged
that a healthy domestic vanadium industry is of vital importance to the United States, and made three
recommendations to support the industry.285

**Neodymium Magnets**

The Secretary of Commerce initiated an investigation on September 21, 2021, to determine the effects
on the national security from imports of neodymium-iron-boron permanent magnets (“neodymium
magnets”).286 Various critical national security systems rely on neodymium magnets, including fighter
aircraft and missile guidance systems. Furthermore, neodymium magnets are used in a wide range of
products, including electric vehicles, wind turbines, computer hard drives, audio equipment, and

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278 USDOC, BIS, OTE, *The Effect of Imports of Transformers and Transformer Components on the National Security*,
279 USDOC, BIS, OTE, *The Effect of Imports of Transformers and Transformer Components on the National Security*,
October 15, 2020, 234–35.
281 83 Fed. Reg. 23295 (May 18, 2018); CRS, *Section 232 Investigations: Overview and Issues for Congress*, May 18,
2021, 23–24.
magnetic resonance imaging (MRI) devices. The period for public comment closed on November 12, 2021. As of the end of 2021, the investigation was still pending.

American Manufacturing Competitiveness Act of 2016

The American Manufacturing Competitiveness Act of 2016 (AMCA) sets out a procedure under which members of the public may submit petitions to the Commission for temporary duty suspensions or reductions. Submitters must be able to demonstrate that they are likely beneficiaries of the requested duty suspension or reduction. Following the receipt of petitions, the Commission must evaluate the petitions in accordance with certain statutory criteria, seek public comment, and then file preliminary and final reports with the U.S. House of Representatives Committee on Ways and Means and the U.S. Senate Committee on Finance (Committees). The AMCA requires the Commission in its reports to categorize petitions as either (a) petitions that meet the requirements of the Act with or without modification (Category I, II, III, or IV petitions), (b) petitions that do not contain the information required by the Act or for which the Commission determined that the petitioner was not a likely beneficiary (Category V petitions), or (c) petitions that the Commission does not recommend for inclusion in a miscellaneous tariff bill (Category VI petitions). The AMCA includes a “Sense of Congress” statement that Congress should consider a miscellaneous tariff bill not later 90 days after receiving the Commission’s final report.

The Miscellaneous Tariff Bill Act of 2018, Pub. L. No. 115-239, 132 Stat. 2451 (amending the Harmonized Tariff Schedule and 19 U.S.C. § 58c), suspended or reduced duties on 1,660 products, effective October 13, 2018, and through December 31, 2020. The MTB Act of 2018 suspended or reduced only most-favored-nation rates of duty, and it did not suspend or reduce duties applied under other statutory authorities, such as the trade remedy laws, unfair trade practice statutes, or national security provisions.

In 2020, the Commission completed its second and final cycle of petition analysis under the AMCA. On August 10, 2020, the Commission submitted its final report to the Committees, which provided

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290 Under Section 3(b) of the AMCA, the Commission must determine, among other things: whether or not domestic production of the article that is the subject of the petition exists, taking into account the report of the Secretary of Commerce under section 3(c)(1) of the AMCA, and, if such production exists, whether or not a domestic producer of the article objects to the duty suspension or reduction; whether the duty suspension or reduction can likely be administered by U.S. Customs and Border Protection; whether the estimated loss in revenue to the United States from the duty suspension or reduction does not exceed $500,000 in a calendar year during the period it would be in effect; or whether the duty suspension or reduction is available to any person importing the article that is the subject of the duty suspension or reduction. Sec. 3(b)(E) of AMCA, 19 U.S.C. § 1332 note.
291 Sec. 3(b)(C)(ii) of the AMCA, 19 U.S.C. § 1332 note.
292 Sec. 2(b) of the AMCA, 19 U.S.C. § 1332 note.
recommendations on 3,442 petitions for duty suspensions or reductions. The largest product categories reflected in the 2020 report were chemicals (1,839 petitions); machinery and equipment (715 petitions); and textiles, apparel, and footwear (581 petitions). Of the 3,442 petitions, the Commission assigned 2,695 to Categories I through IV, 42 to Category V, and 705 to Category VI.

As of the end of 2021, legislation that would extend the AMCA procedures was pending in Congress. Duty suspensions and reductions enacted under the Miscellaneous Tariff Bill Act of 2018 following the Commission’s 2017 final report under the AMCA expired at the end of 2020.

World Customs Organization Harmonized System Amendments

Background

Section 1205(a) of the Omnibus Trade and Competitiveness Act of 1988 requires that the Commission keep the Harmonized Tariff Schedule of the United States (HTS) under continuous review and periodically recommend to the President modifications. A common reason for modification is to conform the HTS with amendments made to the Harmonized System nomenclature, which is maintained and updated by the membership of the World Customs Organization (WCO). The process for amending the Harmonized System involves a cyclical review period and generally amendments are recommended to national governments on a five- to six-year cycle. The Commission participates in this process and leads the representation of the United States Government in the WCO Harmonized System Review Sub-Committee. The WCO adopted the most recent amendments to the Harmonized System nomenclature on January 8, 2020, which were scheduled to enter into force on January 1, 2022. The WCO also directed its Members to work with their customs administrations and regional economic communities to begin the process for a January 1, 2022, implementation, offering capacity building assistance when possible.

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293 The final report and background information can be accessed on the Commission’s website, see USITC, “Miscellaneous Tariff Bill (MTB) Reports,” accessed April 15, 2022. In preparing this report, the Commission accepted petitions between October 11 and December 10, 2019, and accepted public comments on the petitions between January 10, 2020, and February 24, 2020. The Commission then evaluated the petitions to determine whether they met certain statutory requirements and submitted a preliminary report on the petitions received to the Committees, on June 9, 2020. The Commission subsequently accepted additional, limited public comments on Category VI petitions from June 12, 2020, through June 22, 2020. The Commission transmitted its final report on August 10, 2020.


296 The WCO has 184 members, which are responsible for managing more than 98 percent of world trade. WCO, “World Customs Organization About Us,” accessed April 1, 2022; WCO, “World Customs Organization Harmonized System,” accessed April 1, 2022.


Implementation of 2022 Amendments

In October 2019, the Commission instituted Investigation 1205-13, *Recommended Modifications in the Harmonized Tariff Schedule*, in accordance with Section 1205(a) of the Omnibus Trade and Competitiveness Act of 1988.\(^{300}\) The Commission followed the process of nomenclature analysis as described by statute, which considers the text of the amendments to the current Harmonized System and its application into the HTS.\(^{301}\) The WCO’s most recent amendments contained about 350 separate amendments relating to a wide range of products and product groups, including 3D printers, electronic textiles, unmanned aerial vehicles (i.e., drones), smartphones, electric vehicles, novel tobacco products intended for inhalation without combustion, edible insect products, virgin and extra virgin olive oil, electronic waste, amusement park equipment, and ozone-depleting chemicals controlled by the Montreal Protocol.\(^{302}\) The Commission published a draft recommendations report, on which the public was asked to comment in November 2020, and a final recommendation report was published in April 2021.\(^{303}\) As required by Section 1205 of the Omnibus Trade and Competitiveness Act of 1988, the Commission transmitted its recommendations to the Trade Representative, who then transmitted the report to the Finance Committee of the U.S. Senate and the Ways and Means Committee of the U.S. House of Representatives. After the statutorily prescribed layover period, the President issued Proclamation No. 10326 on December 23, 2021, which incorporated by reference Commission publication, *Modifications to the Harmonized Tariff Schedule of the United States under Section 1206 of the Omnibus Trade and Competitiveness Act of 1988 and for Other Purposes*.\(^{304}\) That publication modified the HTS to implement the 2022 Harmonized System Mandates. Those modifications became effective per Proclamation No. 10326 on January 27, 2022.

Trade Adjustment Assistance

For several decades, the United States has provided trade adjustment assistance (TAA) to aid U.S. workers and firms adversely affected by import competition. Title IV of the Trade Preferences Extension Act (TPEA)—the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA)—amended and reauthorized TAA for six years, until June 30, 2021.\(^{305}\) Effective July 1, 2021, the TAA Program as amended by the TAARA was reverted to a previous version of the program, referred to as Reversion

\(^{300}\) 84 Fed. Reg. 53748 (October 8, 2019).


\(^{305}\) The Trade Adjustment Assistance (TAA) program was first established by the Trade Expansion Act of 1962 and subsequently expanded and reauthorized numerous times. In October 2011, the Trade Adjustment Assistance Extension Act (TAAEA) extended the initial eligibility and benefit provisions until December 31, 2013. Beginning January 1, 2014, the TAA program reverted to a more limited set of eligibility and benefit provisions, also called “Reversion 2014 provisions.” TAA continued to operate under the Reversion 2014 provision until the enactment of the Trade Adjustment Assistance Reauthorization Act of 2015 (TAARA; 19 U.S.C. § 2101 (notes)). TAARA reinstated many of the eligibility and benefit provisions that were enacted by TAAEA. TAARA also contains sunset provisions.
2021. The main TAA programs in effect in fiscal year (FY) 2021 were TAA for Workers, administered by the U.S. Department of Labor (USDOL), and TAA for Firms, administered by the USDOC. A third program, TAA for Farmers, administered by the U.S. Department of Agriculture (USDA), was reauthorized by Congress under the TPEA. However, Congress has not appropriated any funding for the program since 2011. As a result, the USDA did not accept any new petitions or applications for benefits in FY 2021. Table 2.5 provides information on the amount of funding allocated to the TAA programs in recent years. Selected developments in the TAA programs for workers and firms during FY 2021 are summarized below.

Table 2.5 Funding by the Trade Adjustment Assistance (TAA) Program, annual, FY 2017–21
In millions of dollars.

<table>
<thead>
<tr>
<th>Year</th>
<th>TAA for Workers</th>
<th>TAA for Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>716</td>
<td>20</td>
</tr>
<tr>
<td>2018</td>
<td>667</td>
<td>13</td>
</tr>
<tr>
<td>2019</td>
<td>582</td>
<td>13</td>
</tr>
<tr>
<td>2020</td>
<td>553</td>
<td>13</td>
</tr>
<tr>
<td>2021</td>
<td>441</td>
<td>14</td>
</tr>
</tbody>
</table>


Assistance for Workers

The provisions relating to the TAA for Workers Program are set out in Chapter 2 of Title II of the Trade Act. The program provides federal assistance to eligible workers who have been adversely affected by import competition. A variety of TAA benefits and services are available to eligible workers, including training, help with healthcare premium costs, trade readjustment allowances, and reemployment assistance. Current information on provisions of the TAA for Workers Program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at the USDOL’s Employment and Training Administration (ETA) website for TAA.

For petitioning workers to be eligible to apply for TAA benefits, the Secretary of Labor must determine that the workers meet certain criteria relating to the reasons they were separated from their firm, including declining sales or production at their firm and increased imports of like or directly competitive articles.

For FY2021, the TAA for Workers program (TAA Program) was operated under the TAARA for petitions filed on or before June 30, 2021. Starting July 1, 2021, the TAARA Program reverted to a previous version of the program, referred to as Reversion 2021, when the TAA program began to be operated

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308 McMinimy, Trade Adjustment Assistance for Farmers, August 1, 2016, 4–5.
310 19 U.S.C. § 2271 et seq.
under the Sunset Provisions of the Amendments to the Trade Act (sunset provisions) for petitions filed on or after that date. The major differences between the program operated under the TAARA and the Reversion 2021 program are as follows:

- Under the TAARA program, both manufacturing and service workers whose jobs were adversely affected by foreign trade were eligible for the TAA for Workers program; under the Reversion 2021 program, only manufacturing sector workers may still be covered under the TAA for Workers program, and services sector workers are no longer eligible for the TAA program.
- Under the Reversion 2021 program, workers who lost their jobs due to increased imports or outsourcing are considered eligible for TAA only if their firms shift production or outsources its jobs to a country with which the United States has a free trade agreement (FTA).
- Under the TAARA program, in order to receive Trade Readjustment Allowance (TRA) benefits, TAA-eligible workers had to enroll within 26 weeks either after their TAA petitions were certified or after their layoff; under the Reversion 2021 program, TAA-eligible workers must enroll within 8 weeks after their TAA petitions are certified, or within 16 weeks after the layoff.
- The statutory cap of the annual funding available was $450 million under the TAARA program, which could be used for training, job search and relocation allowances, case management and employment services, and related funds to each state to pay for state administration of TAA benefits. For the Reversion 2021 program, the statutory cap of the annual funding available for the TAA for workers program is $220 million, which can be used for training only. No funding is available for employment services under the Reversion 2021 program.

In 2021, $441 million was allocated to state governments to fund different aspects of the TAA for Workers Program. The largest portion, $370 million, was allocated for Training and Other Activities, which included funds for training, job search allowances, relocation allowances, employment and case management services, and related state administration. The remaining funding was allocated for two other purposes: $58 million for Trade Readjustment Allowance benefits and $13 million for Alternative Trade Adjustment Assistance/Reemployment Trade Adjustment Assistance benefits.

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315 USDOL, Side-by-Side Comparison of TAA Program Benefits, accessed April 13, 2022. It is also worth noting that services sector workers within the manufacturing sector (for instance, human resources, sales, legal services, etc., at a Ford car plant) are potentially eligible under the Reversion 2021 program under a petition filed for the manufacturing sector workers, if at least 20 percent of their time is in support of the manufacturing worker group that was certified. USDOL, ETA, email message to USITC staff, April 20, 2022.
Groups of workers\(^{320}\) submitted 731 petitions for TAA in FY 2021, a decline from the 1,245 petitions filed in FY 2020.\(^{321}\) The USDOL certified 801 petitions covering 107,454 workers as eligible to apply for benefits and services under TAA, and denied 217 petitions covering 31,573 workers.\(^{322}\) The largest number of petitions certified in FY 2021 were from the Midwest region, followed by the South, West, and Northeast (table 2.6).\(^{323}\) By state, Texas had the most workers certified (12,638 workers), followed by Oregon (11,012), Indiana (6,548), and Virginia (6,010).\(^{324}\)

**Table 2.6 Trade Adjustment Assistance (TAA) certifications, by region, FY 2021**

<table>
<thead>
<tr>
<th>Census region</th>
<th>No. of petitions certified</th>
<th>No. of workers covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midwest</td>
<td>249</td>
<td>34,904</td>
</tr>
<tr>
<td>South</td>
<td>238</td>
<td>37,398</td>
</tr>
<tr>
<td>Northeast</td>
<td>153</td>
<td>12,387</td>
</tr>
<tr>
<td>West</td>
<td>158</td>
<td>22,456</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>309</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>801</strong></td>
<td><strong>107,454</strong></td>
</tr>
</tbody>
</table>

Source: USDOL, ETA, email message to USITC staff, April 4, 2022.
Note: “Other” includes all industry sectors where less than 10 petitions were certified in FY 2021.

The majority (66.8 percent, 535 petitions) of TAA petitions certified during FY 2021 were in the manufacturing sector, covering 80,588 workers. It was followed by those in the professional, scientific, and technical services sector (6.4 percent, 51 petitions) and the wholesale trade sector (5.6 percent, 45 petitions) (figure 2.1).

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\(^{320}\) A petition may be filed by any of the following: a group of two or more workers from the same firm, a certified or recognized union or other duly authorized representative of the group of workers; the employer(s) of the group of workers; or an American Job Center operator or American Job Center partners including State workforce officials, employment security agencies, or dislocated worker unit and rapid response team members. USDOL, “TAA Petition Process,” accessed April 13, 2022.

\(^{321}\) USDOL, ETA, email message to USITC staff, April 4, 2022.

\(^{322}\) During any fiscal year, the number of petitions filed will not necessarily be the same as the number of determinations issued for a variety of reasons, including: (1) the processing time for petitions may overlap fiscal years, and (2) petitioners may withdraw a petition after it has been filed, which results in the termination of an investigation. USDOL, ETA, email message to USITC staff, April 4, 2022.

\(^{323}\) The regional classification is based on definitions from the U.S. Census Bureau. U.S. Census, “Census Regions and Divisions of the United States,” accessed April 13, 2022.

\(^{324}\) USDOL, ETA, email message to USITC staff, April 4, 2022.
**Figure 2.1 Share of Trade Adjustment Assistance (TAA) petitions certified by USDOL, by industry, FY 2021**

“Other” includes all industry sectors where less than 10 petitions were certified in FY 2021. Underlying data for this figure can be found in appendix table B.16.

Source: USDOL, ETA, email message to USITC staff, April 4, 2022.

**Assistance for Firms**

The TAA for Firms Program provides assistance to help U.S. firms experiencing a decline in sales and employment to become more competitive in the global marketplace.325 The program provides cost-sharing technical assistance to help eligible businesses create and implement targeted business recovery plans. The program pays up to 75 percent of the costs of developing the recovery plans, with firms also contributing a share of the cost of creating and implementing their recovery plans.326 Current information on provisions of the TAA for Firms Program, as well as detailed information on program eligibility requirements, benefits, and available services, is available at the USDOC’s Economic Development Administration website for TAA.327

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326 USDOC, Trade Adjustment Assistance for Firms, accessed April 13, 2022.
To be eligible for the program, a firm must show that an increase in imports of like or directly competitive articles “contributed importantly” to the decline in sales or production and to the separation or threat of separation of a significant portion of the firm’s workers. The program supports a nationwide network of 11 nonprofit or university-affiliated Trade Adjustment Assistance Centers to help firms to apply for a certification of eligibility and to implement a business recovery plan or adjustment proposal. Historically, most firms that apply for Trade Adjustment Assistance for Firms certification are in the manufacturing sector.

In FY 2021, the Economic Development Administration awarded a total of $13.5 million in funds to the TAA for Firms Program national network of 11 Trade Adjustment Assistance Centers. During FY 2021, the Economic Development Administration certified 117 petitions for eligibility and approved 102 adjustment protocols.

Trade Preference Programs

Trade preference programs provide duty-free treatment or reduced-duty treatment to U.S. imports of eligible articles from designated beneficiary developing countries. Following a 27.6 percent decline in 2020 compared to 2019, the value of total U.S. imports entered under all preference programs rose by 22.0 percent from 2020 to 2021 (table 2.7). However, the value of total U.S. imports entered under all preference programs remained lower than in 2019. U.S. imports entered under the African Growth and Opportunity Act (AGOA) and the Nepal Trade Preference Program (NTPP) had the largest increases in value from 2020 to 2021. The value of U.S. imports under CBERA and the NTPP was greater in 2021 compared to 2019, whereas U.S. imports under AGOA and the U.S. Generalized System of Preferences (GSP) programs did not exceed pre-pandemic levels (table 2.7).

The utilization rate of trade preference programs, measured by imports entered under specified tariff preference programs as a share of total imports under program-eligible HTS subheadings, decreased from a high of 74.9 percent in 2020 to 61.0 percent in 2021. Yet, the 2021 utilization rate of trade preferences was greater than the 2019 utilization rate of 55.5 percent. The only program which experienced an increase in the utilization rate from 2020 to 2021 was AGOA (excluding GSP), which increased by 1.6 percent (table 2.8).

Table 2.7 Imports for consumption under specified tariff preference programs, annual, 2019–21
In millions of dollars and percentages. AGOA = African Growth and Opportunity Act; CBERA = Caribbean Basin Economic Recovery Act and includes the Caribbean Basin Trade Partnership (CBTPA); HOPE = the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program; GSP = the U.S. Generalized System of Preferences; NTPP = the Nepal Trade Preference Program. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Tariff preference program</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA preference imports, excluding GSP</td>
<td>7,353</td>
<td>3,248</td>
<td>5,971</td>
<td>83.8</td>
</tr>
<tr>
<td>GSP preference imports with AGOA eligibility</td>
<td>1,079</td>
<td>904</td>
<td>750</td>
<td>-17.0</td>
</tr>
<tr>
<td>All AGOA preference imports</td>
<td>8,432</td>
<td>4,153</td>
<td>6,722</td>
<td>61.9</td>
</tr>
<tr>
<td>CBERA preference imports, including CBTPA and HOPE I/HOPE II/HELP</td>
<td>1,887</td>
<td>1,816</td>
<td>2,156</td>
<td>18.7</td>
</tr>
<tr>
<td>GSP preference imports</td>
<td>21,093</td>
<td>16,903</td>
<td>18,662</td>
<td>10.4</td>
</tr>
<tr>
<td>NTPP preference imports</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>59.8</td>
</tr>
<tr>
<td>All imports under preference programs</td>
<td>30,336</td>
<td>21,970</td>
<td>26,793</td>
<td>22.0</td>
</tr>
</tbody>
</table>

Note: CBERA data in 2019 incorporate USITC estimates to adjust for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. Future reporting of these data will be subject to the U.S. Census Bureau’s release of annual revisions in July 2022, which were not available at the time of writing. Data available through USITC’s DataWeb or the Census Bureau’s USA Trade Online reflect these revisions as of July 2022. U.S. government representative email message to USITC staff, July 20, 2021. Total tariff preference programs = AGOA (excluding GSP) + CBERA/CBTPA/Haiti HOPE + GSP (including GSP-LDBC) + NTPP. Because of rounding, figures may not add to totals shown.

Table 2.8 The utilization rate of specific tariff preference programs, annual, 2019–21
In percentages and percentage points (ppts). AGOA = the African Growth and Opportunity Act; CBERA = Caribbean Basin Economic Recovery Act and includes the Caribbean Basin Trade Partnership (CBTPA) and HOPE = the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program; GSP = the U.S. Generalized System of Preferences; GSP-LDBCs = the U.S. Generalized System of Preferences for least-developed beneficiary developing countries; NTPP = the Nepal Trade Preference Program. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Tariff preference program</th>
<th>2019 (%)</th>
<th>2020 (%)</th>
<th>2021 (%)</th>
<th>Percentage point change 2020–21 (ppts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA (excluding GSP)</td>
<td>64.8</td>
<td>53.2</td>
<td>54.9</td>
<td>1.6</td>
</tr>
<tr>
<td>All AGOA (including GSP)</td>
<td>74.3</td>
<td>68.0</td>
<td>61.7</td>
<td>-6.3</td>
</tr>
<tr>
<td>CBERA, including CBTPA and HOPE I/HOPE II/HELP</td>
<td>79.9</td>
<td>71.9</td>
<td>48.0</td>
<td>-23.9</td>
</tr>
<tr>
<td>GSP (including GSP-LDBDCs)</td>
<td>51.5</td>
<td>78.3</td>
<td>63.8</td>
<td>-14.5</td>
</tr>
<tr>
<td>NTPP</td>
<td>50.0</td>
<td>51.9</td>
<td>46.5</td>
<td>-5.4</td>
</tr>
<tr>
<td>All tariff preference programs</td>
<td>56.6</td>
<td>74.9</td>
<td>61.0</td>
<td>-13.9</td>
</tr>
</tbody>
</table>

Note: The utilization rate is measured by imports under specified tariff preference programs as a share of total program-eligible country imports. Percentages reflect the total imports for consumption under the specified program as a share of imports for consumption of products classified under eligible Harmonized Tariff Schedule of the United States (HTS) 8-digit subheadings from program-eligible countries.
Generalized System of Preferences

Background

The U.S. Generalized System of Preferences (GSP) program authorizes the President to grant duty-free access to the U.S. market for about 3,500 products that are imported from designated beneficiary developing countries and territories (BDCs). About 1,500 additional products are allowed duty-free treatment only when imported from countries designated as least-developed beneficiary developing countries (LDBDCs). The most recent congressional action, in March 2018, authorized the President to provide duty-free treatment through December 31, 2020. Authorization had lapsed for the entirety of 2021.

The GSP program aims to accelerate economic growth by offering eligible exports from BDCs to enter the United States duty free. An underlying principle of the program is that the creation of trade opportunities for developing countries encourages broader-based economic development and sustains momentum for economic reform and liberalization. The program’s enforceable eligibility criteria for all beneficiary countries include, inter alia, taking steps to respect internationally recognized worker rights, providing the United States with equitable and reasonable market access, reducing trade-distorting investment practices, and providing adequate and effective protection of intellectual property rights to U.S. rights holders. As of December 31, 2021, there were 119 countries and territories designated GSP BDCs. Forty-four of the 119 countries and territories are designated LDBDCs.

The President has the authority to designate countries and territories as BDCs under the GSP program with certain limitations described in the statute. Countries can lose all or part of GSP eligibility based on findings of country practices that violate the provisions of the GSP statute, including inadequate protection of intellectual property rights or of internationally recognized worker rights. Complaints about such violations (country practice allegations) were traditionally brought to the attention of the interagency GSP subcommittee by a petition process but, in recent years the GSP subcommittee has

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332 This program was authorized by Title V of the Trade Act of 1974, as amended, 19 U.S.C. §§ 2461–1467.
334 19 U.S.C. § 2465. The President’s authority to provide duty-free treatment under the GSP program was last reauthorized on March 23, 2018, with retroactive coverage from January 1, 2018. The renewal also made technical modifications to procedures for competitive need limits (CNLs) and waivers.
339 USITC, HTS 2022, April 2022, General Note 4, Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP), Non-Independent Countries and Territories, GN 12.
340 USITC, HTS 2022, April 2022, General Note 4, Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP), Non-Independent Countries and Territories, GN 12.
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self-initiated assessments of BDCs as well. There were seven ongoing country practice reviews as of December 31, 2021.

The President also has the authority to designate the articles that are eligible for duty-free treatment, but only after receiving the advice of the Commission. The President cannot designate any articles that are “import sensitive.” The statute designates certain goods (e.g., most footwear, textiles, and apparel) as “import sensitive” and thus not eligible for duty-free treatment under the GSP program. The statute further provides that countries “graduate” when they become “high income,” as defined by the World Bank’s per capita income tables. In addition, the statute allows for ending the eligibility of certain imports, or imports from specific countries, under certain conditions.

Competitive need limitations (CNLs)—quantitative ceilings on GSP benefits for each product and BDC—are another important part of the GSP program. There are two different measures for CNLs: during any calendar year, imports of a particular product from a specific BDC (1) account for 50 percent or more of the value of total U.S. imports of that product and exceed the certain de minimis dollar value ($25.5 million in 2021); or (2) exceed a certain dollar value ($200 million in 2021). If either is met, the product from this specific BDC is considered “sufficiently competitive,” and GSP eligibility for this product from this specific BDC terminates on November 1 of the next calendar year, unless a waiver is granted. CNLs can be waived under special conditions. A CNL waiver in effect on a product for five or more years should be revoked if total U.S. imports from a beneficiary developing country exceed “super-competitive” value thresholds—that is, 75 percent of all U.S imports or 150 percent of the current year’s CNL dollar limit. This “super competitive” threshold is calculated using imports entered only under the GSP program.

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347 19 U.S.C. § 2462(e). New thresholds are determined at the start of the World Bank’s fiscal year in July and remain fixed for 12 months, regardless of subsequent revisions to estimates. As of July 1, 2021, the new threshold for high-income classification was $12,695. World Bank, “World Bank Country Classifications by Income Level,” Data Blog (blog), July 1, 2021.
348 19 U.S. Code § 2463(c).
349 19 U.S.C. §§ 2461–2467. CNLs do not apply to least-developed beneficiary developing countries (LDBDCs) or to developing countries that are beneficiaries of the African Growth and Opportunity Act (AGOA). This explanation reflects 19 U.S.C. §§ 2461 et seq. as of December 31, 2021. The U.S. Congress is discussing reauthorization of this statute to include amending this statute. The information about the program described could change based on congressional action in 2022.
351 For more information on these special conditions under which CNLs can be waived, see USTR, U.S. Generalized System of Preferences (GSP) Guidebook, November 2020, 9–10.
Developments in 2021

U.S. Imports under GSP

As noted above, the President’s authority to grant duty-free treatment lapsed in 2021. Therefore, no imports received duty-free treatment under the program during 2021. In earlier years, legislation renewing the President’s authority had allowed importers of goods that might otherwise have been eligible to receive duty-free treatment to apply for a refund of duties paid while the program was lapsed.353 Such imports did not receive duty-free treatment while the program lapsed but were still claimed as GSP imports in U.S. trade data and eligible for a refund once the program was renewed. If authorized by future statute, then the imports entered during the current lapse of the GSP program could receive duty-free treatment retroactively in future years. U.S. imports designated as GSP-claimed rose by 10.4 percent in 2021, relative to 2020 (table 2.9). U.S. imports designated as GSP-claimed accounted for 9.2 percent of all imports from all GSP-eligible BDCs, down from 11.1 percent in 2020 (table 2.10). Indonesia surpassed Thailand to become the top source of imports entered under the GSP program in 2021, increasing by 22.7 percent, while Thailand fell 13.8 percent to the second-largest source. Cambodia was the third-largest source of imports entered under the GSP program in 2021, replacing Brazil in 2020 (interactive dashboard).354

Table 2.9 U.S. imports for consumption from GSP beneficiaries, annual, 2019–21

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSP imports from LDBDCs</td>
<td>182</td>
<td>92</td>
<td>152</td>
<td>65.2</td>
</tr>
<tr>
<td>GSP imports from non-LDBDCs</td>
<td>20,911</td>
<td>16,811</td>
<td>18,510</td>
<td>10.1</td>
</tr>
<tr>
<td>All GSP imports</td>
<td>21,093</td>
<td>16,903</td>
<td>18,662</td>
<td>10.4</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>124,043</td>
<td>84,948</td>
<td>111,586</td>
<td>31.4</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>89,944</td>
<td>50,132</td>
<td>71,757</td>
<td>43.1</td>
</tr>
<tr>
<td>All other imports</td>
<td>213,897</td>
<td>135,080</td>
<td>183,343</td>
<td>35.7</td>
</tr>
<tr>
<td>All imports from GSP beneficiaries</td>
<td>235,080</td>
<td>151,983</td>
<td>202,005</td>
<td>32.9</td>
</tr>
</tbody>
</table>


Note: Eligible products from LDBDCs are those for which the rate of duty of “free” appears in the special rate column of the HTS, followed by the symbol “A+” in parentheses. The symbol “A+” indicates that all LDBDCs (and only LDBDCs) are eligible for duty-free treatment with respect to all articles listed in the designated provisions. Non-LDBDC-eligible products are those for which a rate of duty of “free” appears in the special rate column of the HTS, followed by the symbols “A” or “A*” in parentheses. The symbol “A” indicates that all beneficiary countries are eligible for duty-free treatment with respect to all articles listed in the designated provisions. The symbol “A*” indicates that certain beneficiary countries (specified in general note 4(d) of the HTS) are not eligible for duty-free treatment with respect to any article listed in the designated provision; USITC, HTS 2022, April 2022, General Note 4, Products of Countries Designated Beneficiary Developing Countries for Purposes of the Generalized System of Preferences (GSP), Non-Independent Countries and Territories, GN 12. Not all products are eligible for GSP. Because of rounding, figures may not add to totals shown.

Table 2.10 Share of U.S. imports for consumption from GSP beneficiaries, annual, 2019–21
In percentages and percentage points. GSP = the U.S. Generalized System of Preferences; LDBDC = least-developed beneficiary developing countries; — (em dash) = not applicable. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Duty or preference programs status</th>
<th>2019 (%)</th>
<th>2020 (%)</th>
<th>2021 (%)</th>
<th>Percentage point change 2020–21 (ppts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSP imports from LDBDCs</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>GSP imports from non-LDBDCs</td>
<td>8.9</td>
<td>11.1</td>
<td>9.2</td>
<td>-1.9</td>
</tr>
<tr>
<td>All GSP imports</td>
<td>9.0</td>
<td>11.1</td>
<td>9.2</td>
<td>-1.9</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>52.8</td>
<td>55.9</td>
<td>55.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>38.3</td>
<td>33.0</td>
<td>35.5</td>
<td>2.5</td>
</tr>
<tr>
<td>All other imports</td>
<td>91.0</td>
<td>88.9</td>
<td>90.8</td>
<td>1.9</td>
</tr>
<tr>
<td>All imports from GSP beneficiaries</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: USITC DataWeb/Census, accessed February 17, 2022. See footnote to previous table.

In 2021, top imports claimed under the GSP program were captured by three of the 11 key merchandise sectors: miscellaneous manufactures, agricultural products, and chemicals and related products.\textsuperscript{355} Imports of agricultural products under GSP remained relatively steady from 2019 to 2021, whereas miscellaneous manufactures increased, and chemicals and related products decreased. Among merchandise sectors that composed a smaller base value of imports in 2020, there were comparatively large increases in imports of forest products (87.9 percent) and textiles and apparel (51.9 percent) in 2021. As noted earlier, the statute designates most textiles and apparel as “import sensitive” and thus not eligible for duty-free treatment under the GSP program. The textile and apparel merchandise sector includes rubber gloves, which as discussed below were one of the top imports claimed under the GSP program in 2021. Seven of the 11 sectors saw increases in imports claimed under the GSP program from 2020 to 2021, a marked shift from declines in the majority of merchandise sectors from 2019 to 2020.\textsuperscript{356}

In 2021, three top imports claimed under the GSP program that were classified by HTS 6-digit subheading were travel and sports bags (HTS subheading 4202.92), precious metal jewelry (HTS subheading 7113.19) and rubber gloves (HTS subheading 4015.19). Among those, imports of rubber gloves increased by over 50 percent from 2020 to 2021. Another product group imported under the GSP program was fresh cut roses (HTS subheading 0603.11), which increased by 957.0 percent from 2020 to 2021; however, the comparison with the prior year is skewed because this category was newly added to GSP eligibility by the President in November 2020 and grew from a base of zero imports under GSP in 2019 (interactive dashboard).\textsuperscript{357}

\textsuperscript{355} These merchandise sectors are defined by the Commission. Each USITC digest sector encompasses a number of 8-digit subheadings in the Harmonized Tariff Schedule of the United States (HTS), which classifies tradable goods. The 11 sectors are agricultural products, forest products, chemicals and related products, energy-related products, textiles and apparel, footwear, minerals and metals, machinery, transportation equipment, electronic products, and miscellaneous manufactures. Digest sectors are further defined in USITC, Shifts in U.S. Merchandise Trade, 2021, June 2022.

\textsuperscript{356} USITC DataWeb/Census, accessed April 20, 2022.

\textsuperscript{357} Proclamation No. 10107, 85 Fed. Reg. 70027 (October 30, 2020).
GSP Developments in 2021

With the President’s authority lapsed for the entirety of 2021, the GSP Subcommittee of the Trade Policy Staff Committee continued to monitor the program but took no actions. The committee, chaired by USTR, is composed of representatives of other executive branch agencies, and conducts an annual review that considers changes to the lists of articles and countries eligible for duty-free treatment under GSP. Members of Congress introduced several bills to reauthorize and reform the program; as of December 31, 2021, legislation was still pending.

Nepal Trade Preference Program

The Nepal Trade Preferences Act (NTPA) authorizes the President to provide preferential treatment to articles imported directly from Nepal into the United States if the President determines that Nepal meets certain requirements set forth in the NTPA. In addition to the requirements set forth in the NTPA, the NTPA also requires the President to determine that Nepal meets the requirements of the African Growth and Opportunity Act (AGOA), and in GSP statutes. The NTPA authorizes the Nepal Trade Preference Program (NTPP), which came into effect on December 30, 2016, and is currently set to expire on December 31, 2025. The NTPP gave Nepal duty-free access to the U.S. market for certain goods including certain luggage and flat goods in HTS chapter 42, certain carpets and floor coverings in chapter 57, certain apparel in chapters 61 and 62, two non-apparel made-up textile articles in chapter 63, and various headwear items in chapter 65. As of December 31, 2021, Nepal was eligible for duty-free treatment on 77 HTS 8-digit subheadings under the NTPP, 31 of which are also duty free under GSP.

In 2021, total U.S. imports from Nepal were about $108 million; imports from Nepal under GSP were about $18 million; and imports under the NTPP were nearly $4 million (table 2.11). Imports under NTPP and GSP combined made up 20.3 percent of total imports from Nepal in 2021, an increase from 14.5 percent in 2020 (table 2.12).

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360 The Senate passed the U.S. Innovation and Competition Act in June 2021, which would authorize the program until January 1, 2027. The House passed the America COMPETES Act in February 2022, which would authorize the program until December 31, 2024. S. 1260, United States Innovation and Competition Act of 2021, 117th Congress (2021). H.R. 4521, America COMPETES Act of 2022, 117th Congress (2022).
361 19 U.S.C. § 4454
364 USITC, HTS 2022, April 2022
Table 2.11 U.S. imports for consumption from Nepal, annual, 2019–21
In thousands of dollars and percentages. NTPP = Nepal Trade Preference Program; GSP = U.S. Generalized System of Preferences. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (thousand $)</th>
<th>2020 (thousand $)</th>
<th>2021 (thousand $)</th>
<th>Percentage change 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTTP preference imports</td>
<td>3,180</td>
<td>2,465</td>
<td>3,939</td>
<td>59.8</td>
</tr>
<tr>
<td>GSP preference imports</td>
<td>12,643</td>
<td>10,063</td>
<td>18,036</td>
<td>79.2</td>
</tr>
<tr>
<td>All NTTP and GSP preference imports</td>
<td>15,823</td>
<td>12,527</td>
<td>21,975</td>
<td>75.4</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>57,525</td>
<td>57,571</td>
<td>66,175</td>
<td>14.9</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>17,448</td>
<td>16,258</td>
<td>20,117</td>
<td>23.7</td>
</tr>
<tr>
<td>All other imports</td>
<td>74,973</td>
<td>73,829</td>
<td>86,292</td>
<td>16.9</td>
</tr>
<tr>
<td>Total imports, Nepal</td>
<td>90,796</td>
<td>86,357</td>
<td>108,267</td>
<td>25.4</td>
</tr>
</tbody>
</table>

Note: NTTP-eligible products are those for which a rate of duty of “free” appears in the special rate column of the HTS followed by the symbol “NP” in parentheses. The symbol “NP” indicates that Nepal is eligible for duty-free treatment with respect to all articles listed in the designated provisions, including imports for which preferential tariff treatment was claimed for NTTP-eligible goods by U.S. importers under GSP, for HTS rate lines with special duty symbols “A,” “A*,” or “A+.”

Table 2.12 Share of U.S. imports for consumption from Nepal, annual, 2019–21
In percentages. NTTP = Nepal Trade Preference Program; GSP = U.S. Generalized System of Preferences; — (em dash) = not applicable. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (%)</th>
<th>2020 (%)</th>
<th>2021 (%)</th>
<th>Percentage point change 2020–21 (ppts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTTP preference imports</td>
<td>3.5</td>
<td>2.9</td>
<td>3.6</td>
<td>0.8</td>
</tr>
<tr>
<td>GSP preference imports</td>
<td>13.9</td>
<td>11.7</td>
<td>16.7</td>
<td>5.0</td>
</tr>
<tr>
<td>All NTTP and GSP preference imports</td>
<td>17.4</td>
<td>14.5</td>
<td>20.3</td>
<td>5.8</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>63.4</td>
<td>66.7</td>
<td>61.1</td>
<td>−5.5</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>19.2</td>
<td>18.8</td>
<td>18.6</td>
<td>−0.2</td>
</tr>
<tr>
<td>All other imports</td>
<td>82.6</td>
<td>85.5</td>
<td>79.7</td>
<td>−5.8</td>
</tr>
<tr>
<td>Total imports, Nepal</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>


African Growth and Opportunity Act

Enacted in 2000, the African Growth and Opportunity Act (AGOA) gives tariff preferences to eligible sub-Saharan African (SSA) countries pursuing political and economic reform.365 In particular, AGOA provides duty-free access to the U.S. market for all GSP-eligible products, and for more than 1,800 additional qualifying items in HTS 8-digit subheadings that are eligible under AGOA only. While AGOA’s eligibility criteria and rules of origin are similar to those of the GSP program, AGOA beneficiary countries are exempt from the GSP competitive need limitations (CNLs).366 AGOA also provides duty-free treatment

366 AGOA eligibility criteria are set forth in section 104 of AGOA (19 U.S.C. § 3703) and section 503(c)(2)(D) of the Trade Act of 1974 (19 U.S.C. § 2463). Countries must be GSP eligible as well as AGOA eligible in order to receive AGOA’s trade benefits. The (non-apparel) rules of origin under GSP (and AGOA) are set forth in section 503 of the Trade Act of 1974 (19 U.S.C. § 2463 (a)(2)) and are reflected in HTS general notes 4 and 16; USITC, HTS 2022, April
for certain apparel articles cut and sewn in designated beneficiary countries if additional eligibility
criteria are satisfied.\textsuperscript{367} The current AGOA expiration date is September 30, 2025.\textsuperscript{368}

Each year, the President must consider whether individual SSA countries are, or remain, eligible for
AGOA benefits based on the eligibility criteria. USTR initiates the annual eligibility review with the
publication of a notice in the \textit{Federal Register} requesting comments and announcing a public hearing. In
2021, 39 SSA countries were eligible for AGOA benefits.\textsuperscript{369} Of these countries, 27 were eligible for AGOA
textile and apparel benefits for all or part of 2021.\textsuperscript{370} Of the countries in the latter group, all but one
(South Africa) were also eligible for additional textile and apparel benefits intended for least-developed
beneficiary countries (LDBCs) for all or part of 2021.\textsuperscript{371} Notable among these extra benefits is the third-
country fabric provision for LDBCs. This provision provides duty-free treatment for certain apparel
articles cut and sewn in designated beneficiary countries from non-U.S., non-AGOA fabrics as long as
additional eligibility criteria are satisfied.\textsuperscript{372} Meanwhile, as a result of the 2021 annual AGOA eligibility

\footnote{2022, General Note 4, Products of Countries Designated Beneficiary Developing Countries for Purposes of the
Generalized System of Preferences (GSP), Non-Independent Countries and Territories, GN 12; USITC, HTS 2022,
April 2022, General Note 16, Products of Countries Designated as Beneficiary Countries under the African Growth
and Opportunity Act (AGOA), Non-Independent Countries and Territories, GN 164. See also Section 111(b) of AGOA
(19 U.S.C. § 2463 (c)(2)(D)).}

\footnote{Section 113 of AGOA (19 U.S.C. § 3722). See HTS chapter 98, subchapter XIX, for applicable provisions.}

\footnote{See 19 U.S.C. § 2466b. The expiration date for AGOA has twice been extended. In 2004, the expiration date was
2015, the date was extended from 2015 until 2025. See Trade Preferences Extension Act of 2015, H.R. 1295 114th
Cong. § 103(b)(1) (2015). All U.S. imports from AGOA countries that are GSP-eligible, along with the 1,800
additional articles, are eligible for U.S. duty-free treatment, notwithstanding the lapse in the President’s authority
under the GSP law.}

\footnote{In 2021, the following 39 SSA countries were designated as beneficiary AGOA countries: Angola, Benin,
Botswana, Burkina Faso, Cabo Verde, Central African Republic, Chad, Comoros, Côte d’Ivoire, Democratic Republic
of the Congo, Djibouti, Ethiopia, Eswatini (formerly Swaziland), Gabon, Gambia, Ghana, Guinea, Guinea-Bissau,
Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Nigeria, Republic of
the Congo, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and
Zambia. 38 SSA countries were designated as beneficiary AGOA countries in 2020. As a result of the 2020 annual
AGOA eligibility review, Democratic Republic of Congo’s AGOA eligibility was reinstated, effective January 1, 2021.
USTR, 2021 \textit{Trade Policy Agenda and 2020 Annual Report}, March 2021, 33.}

\footnote{Twenty-seven SSA countries were eligible for AGOA textile and apparel benefits for all or part of 2021: Benin,
Botswana, Burkina Faso, Cabo Verde, Chad, Côte d’Ivoire, Eswatini (formerly Swaziland), Ethiopia, Ghana, Guinea,
Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Nigeria, Senegal, Sierra
Leone, South Africa, Tanzania, Togo, Uganda, and Zambia. USDOC, ITA, OTEXA, “AGOA Preferences: Country
Eligibility, Apparel Eligibility, and Textile Eligibility,” accessed April 14, 2022. USTR, 2022 \textit{Trade Policy Agenda and
2021 Annual Report}, March 2022, 101.}

\footnote{USDOC, ITA, OTEXA, “AGOA Preferences: Country Eligibility, Apparel Eligibility, and Textile Eligibility,” accessed April 14, 2022.}

\footnote{Chapter 98, subchapter XIX, U.S. note 2(a) through 2(e); USITC, 2021 \textit{Harmonized Tariff Schedule of the United
States, Basic Edition, Revision 12}, December 2021.}
review, eligibility was terminated for Ethiopia, Guinea, and Mali, effective January 1, 2022. Therefore, 36 SSA countries are eligible for AGOA benefits in 2022.

In 2021, the value of U.S. imports that entered free of duty from beneficiary countries under AGOA (including imports under GSP) was $6.7 billion, a 61.9 percent increase from 2020, though still below the 2019 level. These imports comprised 24.5 percent of total imports from AGOA countries in 2021. In 2021, imports entering the United States exclusively under AGOA (excluding those entered under GSP) were valued at $6.0 billion, accounting for 21.8 percent of U.S. imports from AGOA countries (table 2.13 and 2.14).

Table 2.13 U.S. imports for consumption from AGOA beneficiaries, annual, 2019–21

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA preference imports, excluding GSP</td>
<td>7,353</td>
<td>3,248</td>
<td>5,971</td>
<td>83.8</td>
</tr>
<tr>
<td>GSP preference imports with AGOA eligibility</td>
<td>1,079</td>
<td>904</td>
<td>750</td>
<td>-17.0</td>
</tr>
<tr>
<td>All AGOA preference imports</td>
<td>8,432</td>
<td>4,153</td>
<td>6,722</td>
<td>61.9</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>9,160</td>
<td>12,236</td>
<td>16,420</td>
<td>34.2</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>3,084</td>
<td>2,021</td>
<td>4,298</td>
<td>112.7</td>
</tr>
<tr>
<td>All other imports</td>
<td>12,244</td>
<td>14,257</td>
<td>20,718</td>
<td>45.3</td>
</tr>
<tr>
<td>Total imports from AGOA countries</td>
<td>20,676</td>
<td>18,410</td>
<td>27,440</td>
<td>49.0</td>
</tr>
</tbody>
</table>


Note: Eligible products under AGOA are those for which a rate of duty of “free” appears in the special rate column of the HTS, followed by the symbol “D” in parentheses. The symbol “D” indicates that all AGOA beneficiaries are eligible for duty-free treatment with respect to all articles listed in the designated provisions. In addition, provisions of subchapters II and XIX of chapter 98 of the HTS set forth specific categories of AGOA-eligible products, under the terms of separate country designations enumerated in subchapter notes. Includes imports for which preferential tariff treatment was claimed for AGOA-eligible goods by U.S. importers under GSP, for HTS rate lines with special duty symbols “A,” “A*” (unless the AGOA beneficiary country is excluded), or “A+.”
Table 2.14 Share of U.S. imports for consumption from AGOA beneficiaries, annual, 2019–21
In percentages and percentage points. AGOA = African Growth and Opportunity Act; GSP = the U.S. Generalized System of Preferences. GSP data for 2021 refers only to “GSP-claimed” imports, which have not yet received duty-free treatment, given the lapse in authorization for the entirety of 2021.

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (%)</th>
<th>2020 (%)</th>
<th>2021 (%)</th>
<th>Percentage point change, 2020–21 (ppt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA preference imports, excluding GSP</td>
<td>35.6</td>
<td>17.6</td>
<td>21.8</td>
<td>4.1</td>
</tr>
<tr>
<td>GSP preference imports with AGOA eligibility</td>
<td>5.2</td>
<td>4.9</td>
<td>2.7</td>
<td>−2.2</td>
</tr>
<tr>
<td>All AGOA preference imports</td>
<td>40.8</td>
<td>22.6</td>
<td>24.5</td>
<td>1.9</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>44.3</td>
<td>66.5</td>
<td>59.8</td>
<td>−6.6</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>14.9</td>
<td>11.0</td>
<td>15.7</td>
<td>4.7</td>
</tr>
<tr>
<td>All other imports</td>
<td>59.2</td>
<td>77.4</td>
<td>75.5</td>
<td>−1.9</td>
</tr>
<tr>
<td>Total imports from AGOA countries</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>


The increase in U.S. imports under AGOA (excluding GSP) in 2021 compared to 2020 mainly reflected an increase in the value of imports of crude petroleum, as well as an increase in imports of passenger motor vehicles. The value of U.S. crude petroleum imports under AGOA soared by 163.8 percent ($1.1 billion) from 2020 to 2021, while the value of U.S. imports of passenger motor vehicles under AGOA increased by 39.8 percent ($214.6 million) from 2020 to 2021. Nigeria and Angola, two of the top petroleum-producing countries in SSA, both experienced increases in the value and quantity of their crude petroleum imported into the United States under AGOA (interactive dashboard), due mainly to an increase in global oil prices, as well as increasing demand from the United States.

The major suppliers of duty-free U.S. imports under AGOA (excluding GSP) in 2021 were South Africa (34.8 percent of total AGOA imports), Nigeria (22.8 percent), Kenya (8.6 percent), Ghana (5.1 percent), Angola (5.0 percent), and Lesotho (4.8 percent). These six countries contributed 81.1 percent of total imports by value under AGOA in 2021 (interactive dashboard).

Section 105 of AGOA required the President to establish the U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum (also known as the AGOA Forum) to discuss trade, investment, and development at an annual ministerial-level meeting with AGOA-eligible countries. In October 2021, the United States organized a two-day Virtual AGOA Ministerial Meeting with SSA countries, which due to the COVID-19 pandemic took place in lieu of the annual AGOA Forum. The theme of the virtual meeting was “Building Back a Better U.S.-Africa Trade and Investment Relationship.” During the meeting, USTR discussed with its SSA counterparts core issues affecting U.S.-African trade relationship, as well as joint efforts to combat the COVID-19 pandemic. USTR also highlighted the Administration’s worker-centered trade policy and discussed the potential of working with SSA partners to facilitate sustainable growth that will benefit workers, especially women, youth, and underserved

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375 Crude petroleum refers to products classified under HTS subheading 2709.00, and passenger motor vehicles refers to products classified under HTS subheading 8703.23.
376 EIA, “Crude Oil Prices Increased in 2021 as Global Crude Oil Demand Outpaced Supply,” January 4, 2022.
Caribbean Basin Economic Recovery Act

The 1983 Caribbean Basin Economic Recovery Act (CBERA) authorizes the President to grant certain unilateral preferential tariff benefits to Caribbean Basin countries. These benefits have been enhanced and expanded over time, and are intended to promote economic growth and development through increased exports of nontraditional products.

The Caribbean Basin Trade Partnership Act (CBTPA) amended CBERA in 2000, expanding preferential treatment to several products previously excluded from CBERA, notably certain apparel. Altogether, CBERA provides duty-free access for over 5,000 qualifying HTS 8-digit tariff lines and an additional 259 non-apparel tariff lines under CBTPA. While the original CBERA provisions have no expiration date, the preferential tariff benefits granted under CBTPA are set to expire on September 30, 2030. In the section that follows, the term CBERA refers to CBERA as amended by the CBTPA.

Imports from 17 countries and territories were eligible for CBERA preferences during 2021 (“CBERA beneficiaries”), 8 of which were also eligible for CBTPA preferences. Further countries are potentially eligible for designation but have not been designated CBERA beneficiaries. Additionally, CBERA beneficiaries are not automatically eligible for the enhanced CBTPA preferences. Congress has

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382 19 U.S.C. § 2701. The 17 CBERA beneficiaries in 2021 were Antigua and Barbuda, Aruba, The Bahamas, Barbados, Belize, Curaçao, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and the British Virgin Islands. USITC, HTS 2022, April 2022, General Note 7(a), Products of Countries Designated as Beneficiary Countries under the Caribbean Basin Economic Recovery Act (CBERA), GN 19.
384 CBTPA also extended preferential treatment to other non-apparel products, including petroleum and petroleum products, certain tuna, certain footwear, and certain watches and watch parts. The Trade Act of 2002 clarified some provisions of CBTPA. 19 U.S.C. § 2703.
385 For a summary of the types of products eligible for duty-free treatment under CBERA and CBTPA, see USITC, Year in Trade 2020, September 2021, 89; USITC, “The 2021 HTS Item Count,” accessed March 18, 2022.
386 19 U.S.C. § 2701 notes. As originally enacted, the authority to grant preferential tariff treatment under CBERA was set to expire on September 30, 1995. The Caribbean Basin Economic Recovery Expansion Act (CBEREA) of 1990 repealed that termination date and made the authority permanent, in addition to extending preferential treatment to certain products. CBTPA provisions were most recently renewed on October 10, 2020.
387 CBTPA beneficiaries include: Barbados, Belize, Curaçao, Guyana, Haiti, Jamaica, Saint Lucia, and Trinidad and Tobago. See USITC, HTS 2022, April 2022, General Note 17, Products of Countries Designated as Beneficiary Countries under the United States-Caribbean Basin Trade Partnership Act of 2000, GN 187, and U.S. notes in HTS subchapters II and XX of chapter 98. Although the list of eligible countries is currently the same in both the general note and in chapter 98, countries can be added to the general note list, dealing with non-apparel goods, without qualifying for the apparel articles benefits of chapter 98.
designated additional CBERA beneficiaries as potentially eligible over time; seven have requested but not yet been granted beneficiary status.\(^{389}\)

In 2021, the total value of U.S. imports from CBERA beneficiaries increased 69.1 percent to nearly $8.6 billion and the value of U.S. imports entered under CBERA preferences increased 18.7 percent to $2.2 billion (table 2.15).\(^{390}\) Both 2021 import totals were greater than pre-COVID levels. The top five imports under CBERA in 2021—methanol (HTS subheading 2905.11), crude petroleum oils (HTS subheading 2709.00), cotton T-shirts (HTS subheading 6109.10), sweaters, pullovers, and sweatshirts of manmade fibers (HTS subheading 6110.30), and knitted or crocheted T-shirts (HTS subheading 6109.90)—comprised 58.9 percent of imports under CBERA. In 2021, methanol imports rose 89.9 percent to $472 million, while petroleum imports declined 32.6 percent to $369 million (interactive dashboard).

### Table 2.15

U.S. imports from CBTPA/CBERA beneficiaries, by duty preference status and by period

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percent change, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBERA preference imports, excluding CBTPA</td>
<td>597</td>
<td>512</td>
<td>776</td>
<td>51.5</td>
</tr>
<tr>
<td>CBTPA preference imports</td>
<td>553</td>
<td>727</td>
<td>629</td>
<td>-13.5</td>
</tr>
<tr>
<td>HOPE I/HOPE II/HELP Act preference imports</td>
<td>737</td>
<td>577</td>
<td>751</td>
<td>30.2</td>
</tr>
<tr>
<td>All CBERA preference imports, including CBTPA, HOPE I/HOPE II/HELP</td>
<td>1,887</td>
<td>1,816</td>
<td>2,156</td>
<td>18.7</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>3,238</td>
<td>2,709</td>
<td>4,350</td>
<td>60.6</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>442</td>
<td>575</td>
<td>2,119</td>
<td>268.8</td>
</tr>
<tr>
<td>All other imports</td>
<td>3,680</td>
<td>3,283</td>
<td>6,470</td>
<td>97.0</td>
</tr>
<tr>
<td>All imports from CBERA beneficiaries</td>
<td>5,567</td>
<td>5,100</td>
<td>8,626</td>
<td>69.1</td>
</tr>
</tbody>
</table>


Note: The data for U.S. imports under CBERA include U.S. imports under CBERA as amended by both CBTPA and HOPE and Haiti Economic Lift Program (HELP) Acts. For the Haiti HOPE methodology, refer to appendix A. CBTPA-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbol “R” in parentheses. The symbol “R” indicates that all CBTPA beneficiary countries are eligible for special duty-rate treatment with respect to all articles listed in the designated provisions. In addition, subchapters II and XX of chapter 98 set forth provisions covering specific products eligible for duty-free entry, under separate country designations enumerated in those subchapters (and including former CBTPA beneficiaries El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Costa Rica, and Panama). CBERA (excluding CBTPA)-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbols “E” or “E*” in parentheses. The symbol “E” indicates that all beneficiary countries are eligible for special duty rate treatment with respect to all articles listed in the designated provisions. The symbol “E*” indicates that certain articles, under general note 7(d) of the HTS, are not eligible for special duty treatment with respect to any article listed in the designated provision. CBERA data in 2019 incorporate USITC estimates to adjust for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. Future reporting of these data will be subject to the U.S. Census Bureau’s release of annual revisions in July 2022, which were not available at the time of writing. Data available through USITC’s DataWeb or the Census Bureau’s USA Trade Online reflect these revisions as of July 2022. U.S. government representative email message to USITC staff, July 20, 2021.

U.S. imports under CBERA accounted for 25.0 percent of all U.S. imports from CBERA beneficiaries in 2021, falling from 35.6 percent in 2020 (table 2.16). Haiti and Trinidad and Tobago were the top two suppliers of U.S. imports under CBERA in 2021, making up 47.9 percent and 33.2 percent of total U.S.

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\(^{390}\) For more information on U.S. trade data for specific import preference programs including CBERA and the HOPE Acts, see appendix A of this report.
imports from CBERA beneficiaries, respectively. Apparel dominates imports from Haiti under the program. Trinidad and Tobago was a large exporter of crude petroleum and related products such as melamine (HTS subheading 2933.61) as well as methanol. Guyana, Jamaica, and The Bahamas combined contributed 17.7 percent of total imports from CBERA beneficiaries in 2021, respectively supplying petroleum, agricultural products, and polystyrene (interactive dashboard).

Table 2.16 Share of U.S. imports for consumption from CBERA/CBTPA beneficiaries, annual, 2019–21
In percentages. CBERA = Caribbean Basin Economic Recovery Act; CBTPA = Caribbean Basin Trade Partnership; HOPE = Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program of 2010; — (em dash) = not applicable.

<table>
<thead>
<tr>
<th>Duty or preference program status</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Percentage point change, 2020–21</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBERA preference imports, excluding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBTPA</td>
<td>10.7</td>
<td>10.0</td>
<td>9.0</td>
<td>-1.0</td>
</tr>
<tr>
<td>CBTPA preference imports</td>
<td>9.9</td>
<td>14.3</td>
<td>7.3</td>
<td>-7.0</td>
</tr>
<tr>
<td>HOPE I/HOPE II/HELP Act preference imports</td>
<td>13.2</td>
<td>11.3</td>
<td>8.7</td>
<td>-2.6</td>
</tr>
<tr>
<td>All CBERA preference imports, including</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBTPA, HOPE I/HOPE II/HELP</td>
<td>33.9</td>
<td>35.6</td>
<td>25.0</td>
<td>-10.6</td>
</tr>
<tr>
<td>All other imports, duty-free</td>
<td>58.2</td>
<td>53.1</td>
<td>50.4</td>
<td>-2.7</td>
</tr>
<tr>
<td>All other imports, dutiable</td>
<td>7.9</td>
<td>11.3</td>
<td>24.6</td>
<td>13.3</td>
</tr>
<tr>
<td>All other imports</td>
<td>66.1</td>
<td>64.4</td>
<td>75.0</td>
<td>10.6</td>
</tr>
<tr>
<td>All imports from CBERA beneficiaries</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Note: The data for U.S. imports under CBERA include U.S. imports under CBERA as amended by both CBTPA and HOPE and Haiti Economic Lift Program (HELP) Acts. For the Haiti HOPE methodology, refer to appendix A. CBTPA-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbol “R” in parentheses. The symbol “R” indicates that all CBTPA beneficiary countries are eligible for special duty-rate treatment with respect to all articles listed in the designated provisions. In addition, subchapters II and XX of chapter 98 set forth provisions covering specific products eligible for duty-free entry, under separate country designations enumerated in those subchapters (and including former CBTPA beneficiaries El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Costa Rica, and Panama). CBERA (excluding CBTPA)-eligible products are those for which a special duty rate appears in the special rate column of the HTS, followed by the symbols “E” or “E*” in parentheses. The symbol “E” indicates that all beneficiary countries are eligible for special duty rate treatment with respect to all articles listed in the designated provisions. The symbol “E*” indicates that certain articles, under general note 7(d) of the HTS, are not eligible for special duty treatment with respect to any article listed in the designated provision. CBERA data in 2019 incorporate USITC estimates to adjust for the misclassification of certain imports of methanol as not having received duty preferences under CBERA when in fact they did. Future reporting of these data will be subject to the U.S. Census Bureau’s release of annual revisions in July 2022, which were not available at the time of writing. Data available through USITC’s DataWeb or the Census Bureau’s USA Trade Online reflect these revisions as of July 2022. U.S. government representative email message to USITC staff, July 20, 2021.

**Haiti Initiative**

Since 2006, three amendments to CBERA expanded the duty-free benefits available to Haiti. For apparel, these benefits give Haitian producers more flexibility in sourcing yarns and fabrics beyond the preferences available under the Caribbean Basin Trade Partnership Act (CBTPA), under which apparel must be made exclusively from U.S. yarns, or fabrics of U.S. yarns. The Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE I) and of 2008 (HOPE II) (collectively referred to as the HOPE Acts) expanded the rules of origin for apparel by permitting the limited use of materials of any origin, as well as provided new benefits for ignition wiring sets for vehicles, aircraft, or ships.

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392 These amendments were made in 2006, 2008, and 2010.
assembled in Haiti. Following a major earthquake in January of 2010, the Haitian Economic Lift Program of 2010 (HELP Act) amended CBERA a third time, and further enhanced benefits provided in the HOPE Acts. The HOPE/HELP Acts expanded preferential treatment of imports of certain apparel and textile items, while also implementing eligibility requirements for Haiti. HOPE II requires that Haiti establish, in cooperation with the International Labour Organization, a labor-related capacity-building and monitoring program in the apparel sector, known as the Technical Assistance Improvement and Compliance Needs Assessment and Remediation (TAICNAR) program. In addition, to remain eligible for preferential treatment under the HOPE Acts, Haiti is required to make progress toward “establishing the protection of internationally recognized worker rights” through establishing a Labor Ombudsperson’s Office, requiring producers desiring preferential treatment to participate in the TAICNAR program, and establishing a producer registry. HOPE/HELP Acts preferences expire on September 30, 2025.

In recent years, apparel comprised almost two-thirds of Haiti’s exports to the world and over 95 percent of U.S. imports from Haiti under CBERA, including HOPE/HELP. Almost all U.S. imports of textiles and apparel from Haiti entered duty free under trade preference programs in 2021 (table 2.18). In 2021, 74.0 percent of the apparel and textiles imports from Haiti enter under HOPE/HELP preferences rules, remaining relatively consistent with recent years (table 2.18). The overall value of textile and apparel imports from Haiti increased 33.4 percent from 2020 to 2021 (table 2.17). U.S. imports of apparel from Haiti had fallen substantially from 2019 to 2020 due to the COVID-19 pandemic, but the recovery in 2021 pushed U.S. imports of Haitian textiles and apparel above pre-pandemic levels.

Table 2.17 U.S. imports of textiles and apparel from Haiti, annual, 2019–21
In millions of dollars and percentages. CBERA = Caribbean Basin Economic Recovery Act and includes the Caribbean Basin Trade Partnership (CBTPA); HOPE = the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program of 2010.

<table>
<thead>
<tr>
<th>Preference program</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBERA preference imports, including CBTPA</td>
<td>246</td>
<td>175</td>
<td>254</td>
<td>45.0</td>
</tr>
<tr>
<td>HOPE I/HOPE II/HELP Act preference imports</td>
<td>737</td>
<td>577</td>
<td>751</td>
<td>30.2</td>
</tr>
<tr>
<td>All preference program imports</td>
<td>983</td>
<td>752</td>
<td>1,005</td>
<td>33.7</td>
</tr>
<tr>
<td>All other imports</td>
<td>15</td>
<td>9</td>
<td>10</td>
<td>10.4</td>
</tr>
<tr>
<td>All textile and apparel imports from Haiti</td>
<td>998</td>
<td>761</td>
<td>1,015</td>
<td>33.4</td>
</tr>
</tbody>
</table>

Note: These data reflect detailed U.S. general import data under trade preference programs sorted by category and published by the Office of Textiles and Apparel at the U.S. Department of Commerce.

393 19 U.S.C. § 2703a. There were no U.S. imports of ignition wiring sets (HTS 8-digit subheadings 8544.30.00 and 9820.85.44) from Haiti during 2007–21.
395 19 U.S.C. § 2703a(e)(1) and (3).
396 19 U.S.C. § 2703a(e)(1) and (2).
397 The original HOPE I benefits were granted for 3 years, and have been extended thrice, by HOPE II (to 2018), HELP (to 2020), and by Section 301 of the Trade Preferences Extension Act of 2015 (amending 19 U.S.C. § 2703a).
Table 2.18 Share of U.S. imports of textiles and apparel from Haiti, annual, 2019–21
In percentages. CBERA = Caribbean Basin Economic Recovery Act and includes the Caribbean Basin Trade Partnership (CBTPA); HOPE = the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program of 2010. — (em dash) = not applicable.

<table>
<thead>
<tr>
<th>Preference program</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Percentage point change, 2020–21</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBERA preference imports, including CBTPA</td>
<td>24.7</td>
<td>23.0</td>
<td>25.0</td>
<td>2.0</td>
</tr>
<tr>
<td>HOPE I/HOPE II/HELP Act preference imports</td>
<td>73.9</td>
<td>75.8</td>
<td>74.0</td>
<td>-1.8</td>
</tr>
<tr>
<td>All preference program imports</td>
<td>98.5</td>
<td>98.8</td>
<td>99.0</td>
<td>0.2</td>
</tr>
<tr>
<td>All other imports</td>
<td>1.5</td>
<td>1.2</td>
<td>1.0</td>
<td>-0.2</td>
</tr>
<tr>
<td>All textile and apparel imports from Haiti</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>—</td>
</tr>
</tbody>
</table>


Note: These data reflect detailed U.S. general import data under trade preference programs sorted by category and published by the Office of Textiles and Apparel at the U.S. Department of Commerce.

Use of most apparel preference rules rose significantly in 2021, with increases ranging from 2.7 to 56.6 percent over 2020 as the Haitian industry rebounded from pandemic related downturn (table 2.19). Conversely, use of the earned import allowance program (EIAP) fell slightly in 2021.400 U.S. imports of apparel from Haiti remain concentrated in high-volume, basic commodity garments such as knit T-shirts, pullovers, and undergarments, which have relatively predictable consumer demand and require few styling changes.401

The use of the HOPE preference rule for headwear continued to grow in 2021, rising 81.3 percent to $16 million, after more than doubling from 2019 to 2020.402 Non-apparel textile imports from Haiti include imports under the HOPE/HELP home goods provision. Imports under this preference rule first appeared in 2017 ($3 million), and increased rapidly through 2019 ($21 million), but fell to $16 million in 2021.403

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401 In 2021, 83 percent by value of the U.S. imports of apparel from Haiti were of knit garments (HTS chapter 61) and 17 percent were of woven or non-knit garments (HTS chapter 62), traditionally considered as higher value or requiring a more complex skill set for assembly. The split between knit and non-knit is consistent compared to 2020 (85 percent knit vs. 15 percent woven or non-knit). USITC DataWeb/Census, accessed April 4, 2022.

402 The HOPE/HELP preference rule for headwear applies to HTS headings 6501, 6502 or 6504 or HTS 8-digit subheadings 6505.00.04 through 6505.00.90. Headwear under HTS 6505.00.80 accounted for 93 percent of the HOPE/HELP trade under this rule in 2021 ($15.3 million). USITC DataWeb/Census, accessed April 5, 2022.

403 In November 2018, North Carolina-based Culp, Inc. requested a ruling for country of origin and trade preference eligibility under Haiti HOPE/HELP from U.S. Customs and Border Protection (CBP) for a mattress cover and pillow covers. These made-up textile articles, being wholly assembled in Haiti, and imported directly from Haiti are eligible for duty-free treatment under HOPE/HELP HTS 8-digit subheading 9820.63.05. CBP Customs Ruling N301907, December 13, 2018. A second request in 2020 for a ruling on country of origin and trade preference eligibility, this time for mattress protectors and foundation covers determined that these articles were not eligible for duty-free treatment under HOPE/HELP. CBP Customs Ruling N313147, August 12, 2020.
Table 2.19 U.S. general imports of textiles and apparels from Haiti, by duty treatment, annual, 2019–21
In millions of dollars and percentages. Caribbean Basin Economic Recovery Act (CBERA) includes the Caribbean Basin Trade Partnership (CBTPA) and HOPE = the Haitian Hemispheric Opportunity through Partnership Encouragement Acts of 2006 (HOPE I) and of 2008 (HOPE II); HELP = Haiti Economic Lift Program of 2010. — (em dash) = not applicable.

<table>
<thead>
<tr>
<th>Product/duty treatment</th>
<th>HTS subheading(s)</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certain apparel of regional knit fabrics of U.S. yarns</td>
<td>9820.11.09</td>
<td>134</td>
<td>94</td>
<td>148</td>
<td>56.6</td>
</tr>
<tr>
<td>Certain knit T-shirts of regional fabrics of U.S. yarns</td>
<td>9820.11.12</td>
<td>71</td>
<td>58</td>
<td>83</td>
<td>43.7</td>
</tr>
<tr>
<td>Apparel cut and assembled from U.S. fabric</td>
<td>9820.11.06 and 9820.11.18</td>
<td>41</td>
<td>22</td>
<td>23</td>
<td>2.7</td>
</tr>
<tr>
<td>All CBERA preference imports, including CBPTA</td>
<td>—</td>
<td>246</td>
<td>175</td>
<td>254</td>
<td>45.5</td>
</tr>
<tr>
<td>Knit apparel regional limit</td>
<td>9820.61.35</td>
<td>330</td>
<td>243</td>
<td>334</td>
<td>37.4</td>
</tr>
<tr>
<td>Woven apparel regional limit</td>
<td>9820.62.05</td>
<td>122</td>
<td>108</td>
<td>151</td>
<td>40.4</td>
</tr>
<tr>
<td>Value-added regional limits</td>
<td>9820.61.25 and 9820.61.30</td>
<td>122</td>
<td>113</td>
<td>142</td>
<td>25.8</td>
</tr>
<tr>
<td>Earned Import Allowance Program (EIAP)</td>
<td>9820.62.25</td>
<td>127</td>
<td>82</td>
<td>79</td>
<td>−3.8</td>
</tr>
<tr>
<td>Home goods</td>
<td>9820.63.05</td>
<td>21</td>
<td>17</td>
<td>16</td>
<td>−4.8</td>
</tr>
<tr>
<td>Headwear</td>
<td>9820.65.05</td>
<td>5</td>
<td>9</td>
<td>16</td>
<td>81.3</td>
</tr>
<tr>
<td>All other</td>
<td>—</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>−54.0</td>
</tr>
<tr>
<td>All HOPE I/HOPE II/HELP Act preference imports</td>
<td>—</td>
<td>728</td>
<td>573</td>
<td>739</td>
<td>28.9</td>
</tr>
<tr>
<td>All preference program imports</td>
<td>—</td>
<td>974</td>
<td>748</td>
<td>993</td>
<td>32.8</td>
</tr>
<tr>
<td>All other imports</td>
<td>—</td>
<td>23</td>
<td>14</td>
<td>23</td>
<td>67.2</td>
</tr>
<tr>
<td>All textile and apparel imports from Haiti</td>
<td>—</td>
<td>998</td>
<td>761</td>
<td>1,015</td>
<td>33.4</td>
</tr>
</tbody>
</table>

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

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Chapter 3
The World Trade Organization

This chapter provides an overview of major developments at the World Trade Organization (WTO) during 2021, particularly as they affect the United States. The overview includes developments at ministerial and General Council meetings, selected WTO plurilateral agreements under discussion, the waiver proposal for certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights, and continued U.S. concerns about the operation of the WTO Dispute Settlement Mechanism.

Background

The WTO was established by 124 governments through the Marrakesh Agreement in April 1994, which replaced an earlier world trade framework under the General Agreement on Tariffs and Trade (GATT), signed in October 1947, and procedures adopted in 1948. The main functions of the WTO include: (1) facilitating the implementation, administration and operations of the Marrakesh Agreement, the Multilateral Trade Agreements, and the plurilateral agreements; (2) providing a forum for negotiations among its members concerning their multilateral trade relations; and (3) administering the Understanding on Rules and Procedures Governing the Settlement of Disputes.\(^{404}\) Currently, the WTO oversees 16 different multilateral agreements (to which all WTO members are parties) and two plurilateral agreements (to which only some WTO members are parties).\(^{405}\) As of March 22, 2022, the WTO had 164 member and 25 observer countries,\(^{406}\) with 24 accessions in progress.\(^{407}\)

Under the Marrakesh Agreement, the Ministerial Conference is the WTO’s highest decision-making body. It is composed of representatives of all member states and carries out the functions of the WTO. Usually convening once every two years, the Ministerial Conference has the authority to make decisions on all matters under any of the multilateral trade agreements.\(^{408}\) Day-to-day work in between the ministerial conferences is handled by three bodies: the General Council (GC), the Dispute Settlement Body, and the Trade Policy Review Body.\(^{409}\) The WTO Secretariat, led by the WTO Director-General, provides support to its members and the WTO work, but it has no decision-making powers.\(^{410}\)

\(^{404}\) WTO, Uruguay Round Agreement, Marrakesh Agreement Establishing the World Trade Organization, April 15, 1994, Article III Functions of the WTO.


\(^{410}\) The Secretariat supplies technical and professional support to the various councils and committees, provides technical assistance for developing countries, monitors and analyzes developments in world trade, provides information to the public and media, and organizes ministerial conferences. It also provides some forms of legal assistance, and it advises governments wishing to become members of the WTO. WTO, “Overview of the WTO Secretariat,” accessed March 29, 2022.
WTO Developments in 2021

Ministerial Conference

The Twelfth WTO Ministerial Conference, originally scheduled to take place in Geneva, Switzerland, during June 8–11, 2020, was postponed to the week of November 29, 2021, and was further postponed to the week of June 13, 2022, due to the COVID-19 pandemic and travel and quarantine restrictions in Switzerland.411

General Council

The General Council is composed of representatives of all WTO members and meets as appropriate in the intervals between the Ministerial Conference meetings to conduct the functions of the Ministerial Conference.412

On February 15, 2021, members of the General Council selected Ngozi Okonjo-Iweala, of Nigeria, as the seventh WTO Director-General, succeeding WTO Director-General Roberto Azevêdo, who had announced he would step down on August 31, 2020, a year before his term was to expire. Okonjo-Iweala took office on March 1, 2021, becoming both the first woman and first African to serve as Director-General. Her term will expire on August 31, 2025.413 The main function of the Director-General is to oversee the WTO Secretariat.

Negotiations in 2021 focused on fisheries subsidies; a work program on electronic commerce, including an extension of the moratorium on customs duties on electronic transmissions; and the advancement of WTO accessions, among other issues. The United States also worked with other WTO members to advance plurilateral work on digital trade. On December 2, 2021, the United States joined over 60 WTO members representing more than 90 percent of global services trade, in announcing the successful conclusion of negotiations of the WTO Joint Statement Initiative on Services Domestic Regulation.

In 2021, the United States focused on mechanisms to improve the overall functioning of the WTO, including the implementation of existing WTO Agreements. In advance of the Twelfth Ministerial Conference, which was eventually postponed, the United States worked through various WTO standing committees to advance reform ideas. Among the ideas expressed was that members should begin the

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411 The Twelfth WTO Ministerial Conference took place from June 12–17, 2022 at WTO headquarters in Geneva, Switzerland. Key outcomes of the conference included (1) a package on WTO responses to emergencies (including Ministerial Declarations on Food Insecurity, World Food Programme Food Purchases Exemption from Export Prohibitions or Restrictions, the WTO Response to the COVID-19 pandemic, and an Agreement on Trade-Related Aspects of Intellectual Property Rights); (2) a Decision on the E-commerce Moratorium and Work Programme; (3) an Agreement on Fisheries Subsidies; (4) two decisions adopted by ministers concerning the Work Programme on Small Economies and on the TRIPS non-violation and situation complaints; and (5) a Ministerial Declaration on responding to modern sanitary and phytosanitary challenges. Topics of the Twelfth Ministerial Conference will be discussed in further detail in the Year in Trade 2022 report. WTO, MC12 Outcome Document, June 22, 2022; WTO, “Twelfth WTO Ministerial Conference,” accessed April 6, 2022.
process of identifying opportunities to achieve results, even if incremental ones, and avoid buying into the predictable, and often risky, formula of leaving everything to a package of ministerial statements and decisions. 414

Throughout 2021, the Chairperson of the General Council, together with the WTO Director-General, conducted informal consultations with large groupings comprising the Heads of Delegation of the entire WTO membership, as well as a wide variety of smaller groupings of WTO members at various levels. According to the Office of the U.S. Trade Representative (USTR), these consultations were convened with a view toward resolving outstanding issues on the General Council’s agenda. USTR participated in all General Council meetings and consultations in order to advance U.S. interests at the WTO. 415

Selected Plurilateral Agreements under Discussion

Negotiations on Electronic Commerce

WTO members launched negotiations on trade-related aspects of electronic commerce (e-commerce) in Davos, Switzerland, in January 2019. By the end of 2021, 86 members participated in the e-commerce negotiations. 416 Throughout 2021, participating members continued to engage in negotiations of rules on e-commerce. According to the WTO, despite the challenges presented by the pandemic, the negotiations advanced, leading to progress in small groups on specific issues. 417 In particular, negotiators produced “clean” negotiating texts on issues of unsolicited commercial messages (spam) in February 2021, on e-signatures and authentication in April 2021, and on open government data and online consumer protection in September 2021—representing a subset of the 10 to 12 agreed articles that members had been charged to produce by the Twelfth WTO Ministerial Conference. 418 This progress culminated in the issuance of a revised consolidated negotiating text on September 8, 2021. 419

In 2021, members engaged in discussions on e-commerce issues, both in the context of the Work Program on Electronic Commerce and informal sessions involving outside experts. 420 Members had earlier agreed, in December 2019, to extend the longstanding moratorium on customs duties on electronic transmissions until the Twelfth Ministerial Conference, originally scheduled to take place in June 2020.

Negotiations on Fisheries Subsidies

WTO members launched negotiations on fisheries subsidies in 2001 at the Doha Ministerial Conference. In 2017, at the 11th Ministerial Conference (MC11) in Buenos Aires, ministers committed to negotiations

with an aim to adopt an agreement before the next Ministerial Conference. Based on the mandate fixed under the Ministerial Decision from MC11, negotiators were expected to secure an agreement on the elimination of subsidies for illegal, unreported, and unregulated (IUU) fishing. The agreement would also cover the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and overfishing. In addition, the agreement would allow developing and least-developed countries to receive special and differential treatment.

Members met frequently throughout 2021 to discuss revisions to the draft consolidated text that was circulated in December 2020. Prominent issues of discussion included subsistence, artisanal, or small-scale fishing; due process requirements for IUU fishing determinations; and the approach to the overcapacity and overfishing prohibition. Revised drafts of the consolidated text were released in June 2021 ahead of the July ministerial-level meeting, and in November 2021 alongside calls by Director-General Okonjo-Iweala to redouble efforts to bridge differences.

In May 2021, the United States put forward a proposal to in the IUU fishing negotiations that would reenforce members’ efforts to highlight and address the use of forced labor on fishing vessels. The proposal called for: (1) the inclusion of effective disciplines on harmful subsidies to fishing activities that may be associated with the use of forced labor; (2) the explicit recognition of the problem and the need to eliminate it; and (3) transparency with respect to vessels or operators engaged in the use of forced labor. On November 24, 2021, the chair of the fisheries subsidies negotiations submitted a draft agreement on fisheries subsidies for the consideration of ministers. As of December 31, 2021, negotiations were still ongoing.

**Negotiations on Services**

The Special Session of the Council for Trade in Services was formed in 2000, in accordance with the Uruguay Round mandate of the General Agreement on Trade in Services (GATS), to undertake new multi-sectoral services negotiations. The four major areas of service negotiations are market access;

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422 Illegal, unreported, and unregulated (IUU) fishing is a broad term that captures a wide variety of fishing activity that undermines national and regional efforts to conserve and manage marine resources and, as a consequence, inhibits progress towards achieving the goals of long-term sustainability and responsibility. For more information on IUU fishing, see FAO, “What Is IUU Fishing?,” accessed May 13, 2021; USITC, *Seafood Obtained via Illegal, Unreported, and Unregulated Fishing*, February 2021.
domestic regulation; GATS rules (emergency safeguard measures, government procurement, and subsidies); and implementation of special treatment of least-developed countries under GATS.\footnote{WTO, “Services Negotiations,” accessed April 2, 2022.} 

The Special Session of the Council for Trade in Services held informal meetings in March and June 2021. The focus of the March meeting was on a submission by the Organisation of African, Caribbean, and Pacific Group of States titled, “Vulnerable ACP State Services Sectors Impacted in the Context of the COVID-19 Pandemic.” The June meeting focused on negotiations for domestic regulation for services, as well as a submission by a group of members proposing discussions on market access for environmental services.\footnote{WTO, “WTO Members Continue Review of LDC Services Waiver, e-Commerce Work Programme,” July 1, 2021.} Starting in June 2021 and continuing through the fall, members discussed how to reflect Special Session of the Council for Trade in Services work in the context of Twelfth Ministerial Conference.\footnote{USTR, \textit{2022 Trade Policy Agenda and 2021 Annual Report}, March 2022, 183.} On December 2, 2021, 67 members including the United States, adopted the Declaration on the Conclusion of Negotiations on Services Domestic Regulation, which had begun in 2017 with the aim of “increasing transparency, predictability and efficiency of authorization procedures” for service providers in foreign markets.\footnote{WTO, Declaration on the Conclusion of Negotiations on Services Domestic Regulation, December 2, 2021; WTO, “Joint Initiative on Services Domestic Regulation,” December 2, 2021.}

**Waiver Proposal for Certain Agreement on Trade-Related Aspects of Intellectual Property Rights Provisions**

On October 2, 2020, South Africa and India submitted a proposal calling for a waiver for all WTO members of certain provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in relation to the “prevention, containment or treatment” of COVID-19.\footnote{WTO, Council for TRIPS, IP/C/W/669, “Waiver from Certain Provisions of the TRIPS Agreement,” October 2, 2020, 2.} According to the proponents, the objective of the waiver request is to avoid barriers to the timely access to affordable medical products including vaccines and medicines, or to the scaling-up of research, development, manufacture, and supply of essential medical products. The proposed waiver would cover obligations in four sections of the TRIPS Agreement—Section 1 on copyright and related rights, Section 4 on industrial designs, Section 5 on patents, and Section 7 on the protection of undisclosed information. Under the proposal, the waiver would last for a specific number of years, to be determined by the General Council. It would remain in place until vaccination is available globally, and the majority of the world’s population has developed immunity to COVID-19. WTO members would review the waiver annually until termination.\footnote{WTO, “Members Continue to Discuss Temporary IP Waiver,” December 10, 2020.} The proposal was subsequently co-sponsored by 63 WTO members.\footnote{WTO, “Members Continue to Discuss Temporary IP Waiver,” December 10, 2020.} Some WTO members at the time expressed opposition to the waiver, citing the existing flexibilities in the TRIPS Agreement which allows for compulsory licensing in health emergencies such as the
pandemic. On May 5, 2021, U.S. Trade Representative Katherine Tai (Ambassador Tai) announced the Biden Administration’s support for waiving intellectual property protections for COVID-19 vaccines. The announcement cited the global health crisis while confirming the Administration’s belief in strong intellectual property protections and stating that the Administration would actively participate in text-based negotiations at the WTO. The TRIPS Council met formally in February and April 2021 to continue discussion about the 2020 proposal, and in May the co-sponsors of the original proposal submitted a revised text for consideration. The TRIPS Council continued to meet in June, October, and November 2021 to further discuss the revised waiver proposal and other COVID-19 pandemic-related proposals, though differences regarding the waiver remained by year-end 2021.

Dispute Settlement Body

This section provides an overview of the WTO dispute settlement process, as well as information about proceedings during calendar year 2021, particularly those in which the United States was a complaining or responding party. More specifically, it provides (1) a tally of new requests for consultations filed by WTO members during calendar year 2021 under the WTO Dispute Settlement Understanding; (2) a table listing the new dispute settlement panels established during calendar year 2021 in which the United States was either the complaining party or the named respondent; and (3) short summaries of the procedural and substantive issues in disputes involving the United States in 2021, as well as summaries of panel and Appellate Body reports issued during 2021 in disputes that involved the United States. This section also describes the impact that both the COVID-19 pandemic and the impasse on appointing new Appellate Body members had on panel and Appellate Body activity during 2021.

This section’s summaries of issues and of findings and recommendations in panel and Appellate Body reports are based entirely on information in publicly available documents. Sources include summaries published online by the WTO, summaries included in USTR’s 2022 Trade Policy Agenda and 2021 Annual Report, and summaries included in USTR press releases. The summaries in this report should not be regarded as comprehensive or as reflecting a U.S. government or Commission interpretation of the

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440 For a general description of WTO dispute settlement process, see “Understanding the WTO: Settling Disputes.” See also Uruguay Round Agreement, Annex 2, Understanding on Rules and Procedures Governing the Settlement of Disputes, April 15, 1994, art. 17 (describing appeal of panel report to the Appellate Body).
issues raised or addressed in the disputes or in panel or Appellate Body reports. A table showing procedural developments in active cases, including during 2021 in disputes in which the United States was the complainant or respondent, appears in the interactive dashboard.

This section focuses on developments during 2021, including panel and Appellate Body reports issued during 2021 and adopted by the Dispute Settlement Body (DSB). With minor exceptions, panel and Appellate Body reports and DSB actions after the close of 2021 will be summarized in the next edition of Commission's report covering 2022. A number of disputes filed before 2021 remained inactive throughout 2021, either at the consultation stage or with a panel established but not composed. With minor exceptions, this report will not address those disputes.

Finally, this section focuses largely on developments through the panel and Appellate Body stage and includes only limited discussion of matters that arose after the DSB adopted panel or Appellate Body reports in the original dispute. As indicated in the flowchart in figure 3.1, dispute settlement often continues beyond the adoption of the panel or Appellate Body report, particularly when the defending party is the “losing” party. Issues may arise about the reasonableness of the time sought by the losing party to implement findings and recommendations, the adequacy of actions taken by that party to comply with the findings and recommendations, and possible compensation and retaliation. Matters may be referred to the original panel or to a new panel for further findings and recommendations on compliance and other matters, and when appropriate, the parties may seek the help of an arbitrator to resolve matters.

The table in the interactive dashboard sets out the timeline for procedural actions in specific active WTO dispute settlement cases, including procedural actions at the implementation, compliance, and compensation/reliation stages. A number of disputes were still active at the compliance stage or were before an arbitrator during 2021.
Figure 3.1 Timeline for a typical WTO dispute settlement process

<table>
<thead>
<tr>
<th>Stage</th>
<th>Timeframe</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultations (Art. 4)</td>
<td>60 days</td>
<td>by 2nd DSB meeting</td>
</tr>
<tr>
<td>Panel established by Dispute Settlement Body (DSB) (Art. 6)</td>
<td>0–20 days</td>
<td>Terms of reference (Art. 7) Composition (Art. 8)</td>
</tr>
<tr>
<td>Panel examination</td>
<td>20 days (+10 if Director-General asked to compose the panel)</td>
<td>Normally 2 meetings with parties (Art. 12), 1 meeting with third parties (Art. 10)</td>
</tr>
<tr>
<td>Interim review stage</td>
<td>6 months from panel’s composition, 3 months if urgent</td>
<td>Descriptive part of report sent to parties for comment (Art. 15.1) Interim report sent to parties for comment (Art. 15.2)</td>
</tr>
<tr>
<td>Panel report issued to parties (Art. 12.8; Appendix 3 par 12(j))</td>
<td>Up to 9 months from panel’s establishment</td>
<td>Panel report issued to DSB (Art. 12.9; Appendix 3 par 12(k))</td>
</tr>
<tr>
<td>DSB adopts panel/appellate report(s) Including any changes to panel report made by appellate report (Art. 16.1, 16.4, and 17.14)</td>
<td>60 days for panel report unless appealed…</td>
<td>Implementation report by losing party of proposed implementation within ‘reasonable period of time’ (Art. 21.3)</td>
</tr>
<tr>
<td>In cases of non-implementation Parties negotiate compensation pending full implementation (Art. 22.2)</td>
<td>‘REASONABLE PERIOD OF TIME’: Determined by member proposes, DSB agrees, or if parties in dispute agree. If no agreement, determined by arbitrator.</td>
<td>Dispute over implementation; Proceedings possible, including referral to initial panel on implementation (Art. 21.5)</td>
</tr>
<tr>
<td>Retaliation If no agreement on compensation, DSB authorizes retaliation pending full implementation (Art. 22) Cross-retaliation: Same sector, other sectors, other agreements (Art. 22.3)</td>
<td>30 days after ‘reasonable period’ expires</td>
<td>Possibility of arbitration on level of suspension procedures and principles of retaliation (Art. 22.6 and 22.7)</td>
</tr>
</tbody>
</table>

Note: Parenthetical references correspond to Articles of the Uruguay Round Agreement, Annex 2, Understanding on Rules and Procedures Governing the Settlement of Disputes, April 15, 1994.
Dispute Activities During 2021

As in 2020, during 2021 the COVID-19 pandemic continued to slow the filing of new disputes and delayed the progress of ongoing disputes before established and composed panels. Similarly, the impasse over appointment of new members to the Appellate Body prevented it from addressing new appeals. The combination of these two situations likely slowed the pursuit of disputes even at the panel stage.

During 2021, WTO members filed nine new requests for dispute settlement consultations. While more than the five filed during 2020, this was the second-lowest number for any year since the establishment of the WTO in 1995, and sharply lower than the 20 requests filed during 2019 and 38 filed during 2018. It was also the first year since the establishment of the WTO that the United States was neither a complaining party nor a named respondent in a new dispute filed that year. Eight WTO members—Costa Rica, Malaysia, Japan, Australia, China, the European Union (EU), Saudi Arabia, and Brazil—filed new disputes, and one member, Costa Rica, filed two disputes (against Panama and the Dominican Republic, respectively). The EU was the named respondent in three disputes (filed by Malaysia, Saudi Arabia, and Brazil), China was the named respondent in two disputes (filed by Japan and Australia), and four other members were each the named respondent in one dispute—Panama (filed by Costa Rica), Australia (filed by China), Russia (filed by the EU), and the Dominican Republic (filed by Costa Rica).

Panels Established in 2021 that Involve the United States

One new dispute settlement panel was established during 2021 in which the United States was either the named complaining party or the responding party (table 3.1). This compares with none in 2020 and six dispute settlement panels established during 2019 in which the United States was a named party—two in which the United States was the complaining party, and three in which the United States was the responding party. In 2018, 23 panels were established: the United States was the complaining party in 8 of the disputes, and the responding party in 15 disputes.

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442 Although the United States was neither a complaining party nor a named respondent in a request for consultations initiating a new dispute filed in 2021, the United States was the responding party in active disputes filed prior to that year. For example, the United States was the responding party in a dispute filed in 2020 by Hong Kong, “DS597: United States—Origin Marking Requirement,” for which the dispute settlement panel was established in February 2021.
444 The majority of the disputes filed in 2018 related either to disputes brought by WTO members against the United States after the United States imposed higher duties on imports of certain imports of steel and aluminum products under the U.S. national security provision in section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862), or to disputes brought by the United States against WTO members that had imposed countermeasures on imports of U.S. goods in response to the higher duties. USITC, Year in Trade 2019, August 2020, 116–17.
Table 3.1 WTO dispute settlement panels established during 2021 in which the United States was a party

<table>
<thead>
<tr>
<th>Case no.</th>
<th>Complainant</th>
<th>Respondent</th>
<th>Case name</th>
<th>Panel established</th>
</tr>
</thead>
<tbody>
<tr>
<td>DS597</td>
<td>Hong Kong, China</td>
<td>United States</td>
<td>United States—Origin Marking Requirement</td>
<td>02/22/2021</td>
</tr>
</tbody>
</table>


Panel and Appellate Body Reports Issued and/or Adopted during 2021 that Involve the United States

During 2021, WTO dispute settlement panels issued reports in three disputes to which the United States was a party. The United States was the named respondent in all three of the disputes (table 3.2). With the exception of the two disputes between the United States and the EU on large civil aircraft, this section covers only panel and Appellate Body reports relating to the original disputes and does not include subsequent reports, such as those of a compliance panel or an arbitrator. Many of the compliance reports are noted in the interactive dashboard, which contains a procedural summary of most of the dispute settlement cases that are still active in some respect.

Table 3.2 WTO dispute settlement panel and Appellate Body (AB) reports circulated and/or adopted in 2021 in which the United States was a party

<table>
<thead>
<tr>
<th>Case no.</th>
<th>Complainant</th>
<th>Respondent</th>
<th>Case name</th>
<th>Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>DS539</td>
<td>South Korea</td>
<td>United States</td>
<td>United States—Anti-Dumping and Counter-vailing Duties on Certain Products and the Use of Facts Available</td>
<td>Panel report was circulated on January 21, 2021; United States filed notice of appeal on March 19, 2021.</td>
</tr>
<tr>
<td>DS562</td>
<td>China</td>
<td>United States</td>
<td>United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products</td>
<td>Panel report was circulated on September 2, 2021; China filed notice of appeal on September 16, 2021.</td>
</tr>
<tr>
<td>DS577</td>
<td>European Union</td>
<td>United States</td>
<td>United States—Anti-Dumping and Counter-vailing Duties on Ripe Olives from Spain</td>
<td>Panel report was circulated on November 19, 2021; panel report was adopted by DSB on December 20, 2021.</td>
</tr>
</tbody>
</table>


There were no reports in which the United States was the complainant.
Chapter 3: The World Trade Organization

Reports in Which the United States Was the Respondent

**DS539: United States—Anti-Dumping and Countervailing Duties on Certain Products and the Use of Facts Available**

On February 14, 2018, South Korea requested consultations with the United States concerning certain antidumping and countervailing duty measures imposed on products from South Korea, and certain laws, regulations and other measures maintained by the United States with respect to the use of facts available in antidumping and countervailing duty proceedings. 445

South Korea claimed that the measures appear to be inconsistent with certain articles and annexes of the Anti-Dumping Agreement of the World Trade Organization (Anti-Dumping Agreement), certain articles and Annex VI of the Agreement on Subsidies and Countervailing Measures (SCM), certain provisions of Article VI of the GATT 1994, and Article XVI:4 of the Marrakesh Agreement.446

On April 16, 2018, after consultations failed to resolve the dispute, South Korea requested the establishment of a panel. At its meeting on April 27, 2018, the DSB deferred the establishment of a panel. At its meeting on May 28, 2018, the DSB established a panel. Following agreement of the parties, the panel was composed on December 5, 2018. 447

On July 9, 2019, the Chair of the panel informed the DSB that the panel expected to issue its final report to the parties in 2020. On January 21, 2021, the panel report was circulated to members. 448

The dispute concerned antidumping and countervailing measures imposed by the United States on imports of certain corrosion-resistant steel products, cold-rolled steel flat products, hot-rolled steel flat products, and large power transformers from South Korea. South Korea also challenged “as such” an alleged unwritten measure concerning the use of “adverse facts available” in antidumping and countervailing duty investigations by the U.S. Department of Commerce (Commerce).449

The panel circulated its report on January 21, 2021. The panel found that Commerce acted inconsistently with the Anti-Dumping Agreement and the SCM Agreement in either resorting to facts available or selecting the replacement facts in the eight instances challenged by South Korea. With respect to the “as such” claim against an alleged unwritten measure, the panel found that South Korea failed to establish that such an unwritten rule existed. This obviated the panel’s need to evaluate whether such a rule (if it did exist) would breach the Anti-Dumping Agreement and/or SCM Agreement. On March 19, 2021, the United States notified the DSB of its decision to appeal certain issues of law covered in the panel report.450

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DS562: United States—Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products

On August 14, 2018, China requested consultations with the United States concerning the definitive safeguard measure imposed by the United States on imports of certain crystalline silicon photovoltaic products. China claimed that the measures appear to be inconsistent with certain articles of the Agreement on Safeguards and the GATT 1994.  

After consultations failed to resolve the dispute, on July 11, 2019, China asked the DSB to establish a panel, and on August 15, 2019, the DSB established a panel. On October 14, 2019, China asked the Director-General to compose the panel, who did so on October 24, 2019. On April 24, 2020, the Chair of the panel informed the DSB that, due to a delay in the beginning of the panel’s work resulting from the lack of available experienced lawyers in the Secretariat and delays caused by the global COVID-19 pandemic, the panel did not expect to issue its final report to the parties before the end of 2020. On December 21, 2020, the Chair of the panel informed the DSB that in light of further delays in the proceedings caused by the global COVID-19 pandemic, the panel expected to issue its final report to the parties about the middle of 2021.

The panel circulated its report to members on September 2, 2021. China's challenge focused on different aspects of the determinations published by the U.S. International Trade Commission (Commission) that resulted in the imposition of the safeguard measure. Specifically, China challenged the Commission’s determinations with respect to “unforeseen developments” and the effect of obligations incurred; the “causal link” between increased imports and the serious injury to the domestic industry; and “other” factors allegedly causing injury to the domestic industry simultaneously with increased imports. China also challenged the Commission's procedural and substantive treatment of confidential information during the safeguard investigation.

The panel rejected all of China’s claims, finding that:

- China did not establish that the U.S. safeguard measure on crystalline silicon photovoltaic products failed to comply with the requirement in Article XIX:1(a) of the GATT 1994 that imports increased “as a result of unforeseen developments and of the effect of the obligations incurred.”
- China did not establish that the United States acted inconsistently with Articles 2.1, 3.1, and 4.2(b) of the Agreement on Safeguards by failing to demonstrate the required “causal link” between the increased imports and the serious injury found to exist.
- China did not establish that the United States acted inconsistently with Articles 2.1, 3.1, and 4.2(b) of the Agreement on Safeguards by failing to ensure that injury caused by “other” factors was not attributed to increased imports.

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• China did not establish that the United States acted inconsistently with Articles 3.1 and 3.2 of the Agreement on Safeguards as a result of the procedural and substantive treatment of confidential information during the safeguard investigation.\textsuperscript{454}

In light of its rejection of China’s claims, the panel made no recommendation to the DSB pursuant to Article 19.1 of the DSU. On September 16, 2021, China notified the DSB of its decision to appeal to the Appellate Body certain issues of law and legal interpretations in the panel report.\textsuperscript{455}

**DS577: United States—Anti-dumping and Countervailing Duties on Ripe Olives from Spain**

On January 9, 2019, the EU requested consultations with the United States concerning the imposition of countervailing and antidumping duties on ripe olives from Spain, as well as the legislation that was the basis for the imposition of those duties.

The EU claimed that the challenged measures appear to be inconsistent with certain Articles of the SCM Agreement, the Anti-Dumping Agreement, and the GATT 1994.\textsuperscript{456}

On May 16, 2019, the EU requested the establishment of a panel. At its meeting on May 28, 2019, the DSB deferred the establishment of a panel. At its meeting on June 24, 2019, the DSB established a panel. On October 8, 2019, the EU requested the Director-General to compose the panel, and on October 18, 2019, the Director-General composed the panel.\textsuperscript{457}

On April 15, 2020, the Chair of the panel informed the DSB that, due to a delay in the beginning of the panel’s work resulting from the lack of available experienced lawyers in the Secretariat and delays caused by the global COVID-19 pandemic, the panel did not expect to issue its final report to the parties before the end of 2020. The Chair on December 21, 2020, and again on June 9, 2021, informed the DSB of further delays in the proceedings caused by the global COVID-19 pandemic, and on June 9, 2021, informed the DSB that the panel expected to issue its final report to the parties by the end of August 2021. On September 17, 2021, the Chair of the panel informed the DSB that the panel had received joint requests from the parties to postpone the issuance of the final report. The panel agreed to the parties’ requests, and it postponed the issuance of the final report to the parties until November 3, 2021.\textsuperscript{458}

On November 19, 2021, the panel report was circulated to members. The panel found that the United States acted inconsistently with the SCM Agreement and GATT 1994 in calculating the final subsidy rate of one respondent, and in relying upon a provision of the Tariff Act of 1930 to attribute benefits to downstream agricultural processors. The panel also found that certain factual findings related to Commerce’s specificity determination were inconsistent with the SCM Agreement. The panel rejected the EU’s other claims concerning specificity and rejected all of the EU’s claims concerning the Commission’s injury determination. On December 20, 2021, the DSB adopted the panel report.\textsuperscript{459}

\textsuperscript{459} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 127.
Developments at the Compliance Level in Two U.S. and EU Disputes on Large Civil Aircraft

In March 2021, the EU and the United Kingdom (UK), and the United States, each agreed to suspend countermeasures at the compliance level imposed following WTO Arbitrator awards won in 2019 and 2020 in disputes filed years earlier relating to subsidies provided to domestic producers of large civil aircraft—subsidies provided by the EU to Airbus, and by Washington State to Boeing.460

In March 2021, the United States and the UK, and the United States and the EU, both issued joint statements promoting a resolution of the disputes and announcing that each party would suspend their imposition of additional duties on products of the other for four months. In accord with the joint statements, the United States announced modification of the action to suspend additional duties on products of the UK and of EU member states, effective March 4, 2021, and March 11, 2021, respectively.461

In 2021, the United States reached understandings on cooperative frameworks with the EU on June 15 and the UK on June 17, on the parallel aircraft disputes (DS316 and DS353). According to USTR, each side intends not to impose the WTO-authorized countermeasures for a period of five years starting from July 4, 2021. Each side also intends to provide any financing to its large civil aircraft (LCA) producer for the production or development of large civil aircraft on market terms. Additionally, each side intends to provide any funding for research and development (R&D) for large civil aircraft to its LCA producer through an open and transparent process while making the results of fully government funded R&D widely available. A working group was also established under each framework to analyze and overcome any disagreements in the sector, including on any existing support measures. The working group also agreed to collaborate on jointly analyzing and addressing nonmarket practices of third parties that may harm their respective large civil aircraft industries.462

U.S. Concerns about WTO Dispute Settlement

In February 2020, USTR issued a detailed report, Report on the Appellate Body of the World Trade Organization (the February 2020 Report), setting out U.S. concerns about the operation of the WTO dispute settlement, particularly at the Appellate Body level. The February 2020 Report identified seven areas of concerns related to the Appellate Body: (1) “Contrary to the principle of prompt settlement of disputes, the Appellate Body has consistently breached the mandatory deadline for the completion of appeals.” (2) “Contrary to WTO rules, the Appellate Body has unilaterally declared that it has the authority to allow individuals formerly serving on the Appellate Body, whose terms have expired, to continue to participate in and decide appeals.” (3) “The Appellate Body has exceeded its limited

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authority to review legal issues by reviewing panel findings of fact, including factual findings relating to
the meaning of WTO Members’ domestic law.” (4) “The Appellate Body has overstepped its role under
the Dispute Settlement Understanding by rendering advisory opinions on issues not necessary to assist
the Dispute Settlement Body in resolving a dispute.” (5) “The Appellate Body wrongly claims that its
reports are entitled to be treated as binding precedent and must be followed by panels, absent ‘cogent
reasons.”” (6) “The Appellate Body has asserted that it may ignore the text of the Dispute Settlement
Understanding explicitly mandating it recommend a WTO Member to bring a WTO-inconsistent measure
into compliance with WTO rules.” And (7) “The Appellate Body has overstepped its authority and opined
on matters within the authority of other WTO bodies, including the Ministerial Conference, the General
Council, and the Dispute Settlement Body.”463 The February 2020 Report stated that “the Appellate
Body’s persistent overreaching has taken away rights and imposed new obligations through erroneous
interpretations of WTO agreements,”464 and supported this with examples to illustrate how the
Appellate Body’s erroneous findings have harmed WTO members, and in particular have prejudiced the
ability of market economy countries to take measures to address economic distortions caused by
nonmarket economies.465

In its 2021 Trade Policy Agenda and 2020 Annual Report, issued in March 2021 under the Biden
Administration, USTR recapped efforts made to raise those concerns at DSB meetings during 2020,
particularly regarding the Appellate Body’s disregard for the rules set by WTO members, thus adding to
or diminishing rights or obligations under the WTO Agreement. The 2020 Annual Report stated that
many WTO members share the same concerns regarding: (1) the mandatory 90-day deadline for
appeals, (2) review of panel fact finding, (3) issuing of advisory opinions on issues not necessary to
resolve a dispute, (4) the treatment of Appellate Body reports as precedent, and/or (5) persons
continuing to serve on appeals after their term has ended.466

In its 2021 Annual Report, USTR reaffirmed those concerns with the following statement:

Prior to 2021, the United States made a series of statements at DSB meetings explaining that,
for more than 17 years and across multiple U.S. Administrations, the United States has been
raising serious concerns with the Appellate Body’s disregard for the rules set by WTO Members
and adding to or diminishing rights or obligations under the WTO Agreement. Many WTO
Members share these concerns, whether on the mandatory 90-day deadline for appeals, review
of panel fact finding, issuing advisory opinions on issues not necessary to resolve a dispute, the
treatment of Appellate Body reports as precedent, or persons serving on appeals after their
term has ended. The United States has also explained that when the Appellate Body abused the
authority it had been given within the dispute settlement system, it undermined the legitimacy
of the system and damaged the interests of all WTO Members who cared about having the
agreements respected as they had been negotiated and agreed. If WTO Members support a
rules-based trading system, then the Appellate Body must follow the rules to which WTO
Members agreed in 1995.

For many years, the United States and other WTO Members have raised repeated concerns about appellate reports going far beyond the text setting out WTO rules in areas as varied as subsidies, antidumping and countervailing duties, standards under the TBT Agreement, and safeguards. Such overreach restricts the ability of the United States to regulate in the public interest or protect U.S. workers and businesses against unfair trading practices.

As a result, the United States was not prepared to agree to launch the process to fill vacancies on the WTO Appellate Body, thereby allowing the Appellate Body to continue to hear appeals, without WTO Members engaging with and addressing these critical issues.467

Chapter 4
Selected Regional and Bilateral Activities

This chapter summarizes trade-related activities during 2021 in two major multilateral organizations—the Organisation for Economic Co-operation and Development and the Asia-Pacific Economic Cooperation forum. It also covers the activities conducted under U.S. Trade and Investment Framework Agreements (TIFAs).

Organisation for Economic Co-operation and Development

Background

Established in 1961, the Organisation for Economic Co-operation and Development (OECD) is an international intergovernmental organization that serves as a global forum as well as knowledge hub, producing data and analyses, enabling member countries to share experience and best practices, and providing advice on public policy and international standard-setting.\footnote{OECD, “About: Who We Are,” accessed February 7, 2022; OECD, “About: How We Work,” accessed February 7, 2022.} Collaborating closely with the G7 and the G20, the OECD focuses on finding multilateral solutions to a range of global economic, social, and environmental challenges.\footnote{The G7 is an intergovernmental organization consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, plus the European Union. Please see chapter 2 of this report for the definition of the G20. OECD, “About: How We Work,” accessed February 7, 2022; G20, “About The G20,” accessed February 7, 2022; G7 UK 2021, “What Is the G7?,” accessed February 7, 2022.}

At the end of 2021, the OECD members included 38 middle- and high-income countries, with the latest member to join being Costa Rica, in May 2021.\footnote{OECD, “About: Our Global Reach,” accessed February 7, 2022; OECD, “OECD Welcomes Costa Rica as Its 38th Member,” May 25, 2021; World Bank, “World Bank Country and Lending Groups,” accessed May 12, 2022.} The OECD also works closely with the so-called “OECD key partners,” including Brazil, China, India, Indonesia, and South Africa. Although they are not OECD members, the OECD key partners participate in OECD policy discussions and the regular OECD surveys and are included in the OECD statistical databases.\footnote{OECD, “About: Our Global Reach,” accessed February 7, 2022.}

The OECD organizational structure consists of the OECD Council, Committees, and the Secretariat. The OECD Council is the overarching decision-making body. It convenes the annual Ministerial Council Meeting to set priorities, discuss the global economic and trade environment, and agree upon issues such as the OECD budget or the accession process. Led by the Secretary-General, the OECD Secretariat carries out works through more than 300 committees, expert groups, and working groups, covering a broad set of policy making areas, such as trade facilitation, agriculture and fisheries, education, public
governance, green growth and sustainable development, regulatory reform, science and technology, and international taxation.\textsuperscript{472}

**OECD Developments in 2021**

**Ministerial Council Meeting**

Chaired by the United States, the OECD Ministerial Council Meeting convened in 2021 under the theme of “Shared Values: Building a Green and Inclusive Future.”\textsuperscript{473} It consisted of two parts. The first part took place virtually on May 31–June 1, 2021. The second part took place in a hybrid format on October 5–6, 2021, in Paris.\textsuperscript{474} At the part 1 meeting, ministers discussed the lessons learned from the COVID-19 pandemic, and the priorities for the near-term recovery.\textsuperscript{475} During the meeting, ministers also welcomed the new OECD Secretary-General Mathias Cormann, who took office as the sixth Secretary-General on June 1, 2021.\textsuperscript{476}

At the part 2 meeting, ministers shifted the focus to medium- and long-term issues, such as international trade, climate change, digital transformation, inclusive growth, gender equality, anti-bribery, and international tax.\textsuperscript{477} On October 6, 2021, the U.S. Trade Representative Katherine Tai (Ambassador Tai) chaired the trade session on “Making Trade Work for All.” At this session, participants shared their best practices on promoting internationally recognized labor standards via labor provisions in free trade agreements. They also discussed their experiences in utilizing trade and investment policies to encourage responsible business conduct and reduce labor risks in global supply chains.\textsuperscript{478}

In the 2021 Ministerial Council Statement, ministers highlighted (1) the Climate Action Dashboard (preliminary version), developed under the International Program for Action on Climate, which presents key indicators to track progress towards climate objectives and country climate actions;\textsuperscript{479} (2) the OECD COVID-19 Recovery Dashboard, which provides 20 indicators to monitor the quality of post-COVID-19 recovery;\textsuperscript{480} (3) the report on the Implementation of the Recommendation on Integrated Mental Health,


\textsuperscript{476} OECD, “Mathias Cormann Takes Office as OECD Secretary-General,” June 1, 2021. On July 21, 2021, Ambassador Tai met with the new OECD Secretary-General Mathias Cormann in Washington, DC, and congratulated him on his recent appointment. The two parties discussed topics such as international tax reform, and the effects of anticompetitive government support on international markets and businesses, and the promotion of internationally recognized labor rights and protection. USTR, “Ambassador Tai’s Meeting with OECD Secretary-General Mathias Cormann,” July 21, 2021.


\textsuperscript{478} USTR, “Ambassador Tai’s Participation in the OECD Ministerial Meeting,” October 6, 2021.

\textsuperscript{479} OECD, “International Programme for Action on Climate Dashboard,” accessed February 8, 2022.

Chapter 4: Selected Regional and Bilateral Activities

Skills and Work Policy,481 and (4) the Policy Framework for Gender-Sensitive Public Governance, which provides a framework for policy formulation, design, implementation and evaluation to promote gender-sensitive public governance,482 among other policies.483

OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting

The OECD, in partnership with G20, has been working on developing a multilateral solution under the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project and the OECD/G20 Inclusive Framework on BEPS (the Inclusive Framework). The OECD launched the BEPS Project in partnership with the G20 in 2013 to tackle tax avoidance, while improving the coherence of international tax rules and ensuring a more transparent tax environment.484

Notable progress was made in 2021, following years of negotiations. For example, on July 1, 2021, the OECD released the Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy (the Statement), garnering the agreement of 130 countries and jurisdictions. The Statement established a two-pillar framework to reform international taxation rules. Pillar One presents a proposal on the distribution of profits and taxing rights among countries regarding multinational enterprises (MNEs), including digital companies. Under Pillar One, some taxing rights over MNEs would be reallocated to the markets where their business activities take place, regardless of whether firms have a physical presence there. Pillar Two presents a proposal of setting a global minimum corporate tax rate of 15 percent that countries can use to protect their tax bases.485

An annex was subsequently added to the Statement, providing information on the implementation process and the associated timeline.486 On October 30, 2021, at the G20 Summit in Rome, the G20 leaders, including the United States, endorsed the Statement.487 As of November 4, 2021, 137 countries and jurisdictions had joined this political agreement.488 On December 20, 2021, the OECD released detailed model rules to assist the implementation of the agreement. According to the Statement and model rules, starting in 2023, a minimum 15 percent tax rate will be applied to multinational enterprises with revenue above €750 million (equivalent to about $887 million in 2021). This minimum tax rate will

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482 OECD, Policy Framework for Gender Sensitive Public Governance, September 27, 2021.
484 The term of BEPS refers to tax planning strategies used by multinational enterprises that use gaps and mismatches in tax rules to avoid paying tax, such as artificially shifting profits from countries where their activities are located to jurisdictions with low or zero tax rates. OECD, “Understanding Tax Avoidance,” accessed February 17, 2022. For more information on the OECD/G20 BEPS Project, the OECD/G20 Inclusive Framework on BEPS, and the challenges of digitalization on the global tax system, see USITC, Year in Trade 2020, September 2021, 112–14.
be applied to profits in any jurisdiction whenever the effective tax rate is below this minimum threshold.489

**Asia-Pacific Economic Cooperation**

**Background**

The Asia-Pacific Economic Cooperation (APEC) is a regional economic and trade forum established in 1989 and is composed of 21 member economies.490 The primary goals of APEC are to “create greater prosperity for the people of the region by promoting balanced, inclusive, sustainable, innovative and secure growth and by accelerating regional economic integration.”491 Operating as a cooperative, multilateral forum, APEC achieves its goals by promoting dialogue to reach consensus without binding commitments or treaty obligations. Member economies undertake commitments on a voluntary basis, while APEC provides support such as capacity building to help members implement APEC initiatives.492

APEC has a two-level operational structure. At the policy level, APEC economic leaders and ministers meet annually to provide policy direction and set the vision for overarching goals and initiatives. At the working level, four core committees, including the Committee on Trade and Investment and its subsidiary bodies, implement initiatives and carry out activities.493 The APEC Secretariat operates as the core support mechanism for the APEC process. It administers the budget and performs a central project management role, overseeing APEC-funded projects.494

Every year, one of the 21 APEC member economies hosts APEC meetings and serves as the APEC chair.495 In 2021, New Zealand was the APEC chair.496

**APEC Developments in 2021**

**APEC Themes and Priorities**

Under New Zealand’s leadership in 2021, APEC adopted the theme “Join, Work, Grow. Together,” with the following policy priorities: (1) “economic and trade policies that strengthen recovery, with a focus on the right macroeconomic, microeconomic and trade policy choices;” (2) “increasing inclusion and sustainability for recovery by building a better society for all people and generating a green recovery;” and (3) “pursuing innovation and a digitally enabled recovery by accelerating the APEC region’s work in

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490 In 2021, the 21 APEC member economies were Australia; Brunei Darussalam (Brunei); Canada; Chile; China; Hong Kong; Indonesia; Japan; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; South Korea; Taiwan; Thailand; the United States; and Vietnam. APEC, “About APEC: About APEC,” September 2021.


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these areas.” At the top of the APEC 2021 agenda were the response to the COVID-19 pandemic and the opportunity to build a more resilient future.

**APEC Economic Leaders Meeting**

On November 12, 2021, the 2021 APEC Economic Leaders’ Meeting took place virtually. All 21 APEC Leaders, including U.S. President Biden, attended the meeting. The Leaders discussed ongoing efforts to address the COVID-19 pandemic, noting the critical role of trade and investment in response to the pandemic. The Leaders also discussed the road to global economic recovery, emphasizing the importance of macroeconomic tools, structural reform of the services sector, digital adoption and transformation, global supply chain resilience, and the role of the WTO, among other topics. The Leaders also endorsed the Aotearoa Plan of Action, a plan for implementing the Putrajaya Vision 2040. The Putrajaya Vision 2040, adopted in 2020, provides an overarching framework to APEC work in the next 20 years under three economic drivers: “trade and investment; innovation and digitalization; strong, balanced, secure, sustainable, and inclusive growth.”

**APEC Committee on Trade and Investment Highlights**

In 2021, the APEC Committee on Trade and Investment (CTI) continued to advance work on multiple trade- and investment-related issues. In its annual report to ministers, the CTI highlighted 2021 developments in six major areas: (1) response to the COVID-19 pandemic, (2) supporting the multilateral trading system, (3) advancing regional economic integration agenda, (4) strengthening connectivity and infrastructure, (5) promoting sustainability and inclusiveness, and (6) engagement with business and industries. Some key developments are discussed in detail below.

**Response to the COVID-19 Pandemic**

In 2021, APEC continued to focus on promoting the essential role of trade and investment in tackling the impacts of the COVID-19 pandemic, and in enabling a strong economic recovery in the APEC region. On June 5, 2021, the APEC Ministers Responsible for Trade (MRT) issued a joint statement, in which APEC economies committed to facilitate trade in COVID-19 pandemic-related goods. Following the

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503 APEC, CTI 2021 Annual Report, November 2021, 9–11.
505 APEC, CTI 2021 Annual Report, November 2021, 18–25.
MRT meeting, on June 8, 2021, Ambassador Tai met virtually with executives from the U.S.-APEC Business Coalition, and reaffirmed U.S. collaboration with APEC on shared priorities, U.S. commitment to expand equitable access to COVID-19 vaccines, and U.S. determination to increase resilient and sustainable supply chains, among other topics.510

The CTI noted in its annual report that during 2021, APEC economies reduced or eliminated the implementation of restrictive trade measures on the movement of essential goods, liberalized tariffs on medical supplies, and introduced initiatives to expedite border clearance procedures, etc.511 It also noted a substantial growth in intra-APEC medical supplies and vaccine trade in 2021.512

According to the CTI, APEC economies also reported the implementation of other measures that allowed them to better respond to the challenges posted by the pandemic, such as the digitalization of customs procedures, the acceptance of electronic payments/documents, the improvement in risk management of cargos, and the deferral of customs fees and taxes. In addition, APEC economies began to work on finding solutions for the safe resumption of cross-border travel in the APEC region.513

**Improvement of Supply Chain Performance**

During 2021, the APEC reviewed the progress of the APEC Supply Chain Connectivity Framework Action Plan 2017–20, which addresses five major supply chain chokepoints in the APEC region.514 In November 2021, the APEC issued a report on its major findings:515

Chokepoint 1—lack of coordinated border management and underdeveloped border clearance and procedures: The review noted that in general APEC economies have performed well in addressing this issue. The customs processes have been improved with the adoption of digital technologies such as single-window platforms;516 and the time and cost associated with border clearance procedures have been reduced.517

Chokepoint 2—inadequate quality and lack of access to transportation infrastructure and services: The review found that APEC economies also have improved the quality of transportation infrastructure and services, with better shipping connectivity and a more stable environment for infrastructure investment.518

Chokepoint 3—unreliable logistics services and high logistical costs: The review found a mixed performance in improving the reliability of logistics services and reducing high logistical costs. During the pandemic, warehouse capacity was reported to contract while inventory costs rose sharply. However,

511 APEC, CTI 2021 Annual Report, November 2021, 6–8.
516 Single window systems are the adoption of a single-entry point and single submission, which enables traders to comply with regulatory requirement of export and import in a more efficient manner, and allows better coordination and connection among different border government agencies.
several APEC economies leveraged digital technologies to reduce costs, and improve coordination and transparency in logistic services.  

Chokepoint 4—limited regulatory cooperation and best practices: The review reported a significantly better score in addressing regulatory cooperation, especially in internal customs cooperation, and information exchange between customs agencies.

Chokepoint 5—underdeveloped policy and regulatory infrastructure for e-commerce: The review noted a mixed performance on developing policy and regulatory infrastructure for e-commerce. As APEC economies introduced new laws to provide online resolution and digital solutions, regulatory support for e-commerce has become stronger. However, disruption caused by the COVID-19 pandemic hindered the improvements in postal services performance to support e-commerce delivery.

Moving forward, the report stated that among the key issues to be considered are improving supply chain resilience, managing rising trade costs, promoting interoperability of systems, enhancing public-private partnership in meeting the growing demand for quality infrastructure, regulatory reform, enabling reliable logistic services to sustain e-commerce growth, and encouraging environmental sustainability and social inclusiveness in supply chain trade.

**Trade and Investment Framework Agreements**

Trade and Investment Framework Agreements (TIFAs) provide a strategic framework and principles for dialogue on trade and investment issues between the United States and its trading partners. TIFAs and related council meetings serve as a setting for the United States and other parties to discuss diverse issues of mutual interest (e.g., market access, labor, environment, and intellectual property rights), with the objective of strengthening trade and investment ties.

As of the end of 2021, the United States had entered into 60 TIFAs. The most recent TIFA signed by the United States was with Fiji in October 2020. On November 17, 2021, the U.S.-Brazil Protocol Relating to Trade Rules and Transparency was approved by the Brazilian Congress. This new Protocol is an update to the Agreement on Trade and Economic Cooperation, which went into effect in 2011. On August 5, 2021, the U.S.-Ecuador Protocol on Trade Rules and Transparency, which updated the U.S.-

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523 TIFAs may include agreements such as an Agreement on Trade and Economic Cooperation (ATEC), Trade and Investment Council Agreement (TIC), Trade and Investment Cooperation Forum (TICF), Trade and Investment Cooperation Agreement (TICA), and Trade and Investment Cooperation Forum Agreement (TICFA). All are considered TIFAs by the USTR. USTR, “Trade and Investment Framework Agreements,” accessed March 9, 2022.
Ecuador Trade and Investment Council concluded in 1990, entered into force. The U.S.-Paraguay TIFA, signed in 2017, formally entered into force in March 2021. The United States and Paraguay continued working under the TIFA to deepen trade relations and address mutual interest trade policy matters. For more information on 2021 developments under other TIFAs, see table 4.1 below.

### Table 4.1 U.S. trade and investment framework agreements (TIFAs) developments in 2021

<table>
<thead>
<tr>
<th>Type and name</th>
<th>Date signed</th>
<th>2021 Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-Argentina TIFA</td>
<td>Mar. 23, 2016</td>
<td>In November 2021, the United States and Argentina held the seventh meeting of the Innovation and Creativity Forum for Economic Development, established under the U.S.-Argentina TIC.</td>
</tr>
<tr>
<td>U.S.-ASEAN TIFA</td>
<td>Aug. 5, 2006</td>
<td>In February and September 2021, officials of the United States and ASEAN met to discuss developments under the U.S.-ASEAN TIFA including the Trade and Labor Dialogue and the Expanded Economic Engagement Work Plan.</td>
</tr>
<tr>
<td>U.S.-Brazil ATEC</td>
<td>Mar. 19, 2011</td>
<td>On November 17, 2021, the United States and Brazil Protocol Relating to Trade Rules and Transparency was approved by the Brazilian Congress.</td>
</tr>
<tr>
<td>U.S.-Central Asia TIFA</td>
<td>June 1, 2004</td>
<td>In March 2021, officials from United States and Central Asia met to discuss a range of issues including worker-centered trade policy, the implementation of the WTO Trade Facilitation Agreement, customs, sanitary and phytosanitary issues, intellectual property protection and enforcement, and women’s economic empowerment.</td>
</tr>
<tr>
<td>U.S.-Ecuador TIC</td>
<td>July 23, 1990</td>
<td>On August 5, 2021, the U.S.-Ecuador Protocol on Trade Rules and Transparency entered into force, and in October 2021, a Labor Working Group meeting was held under the TIC.</td>
</tr>
<tr>
<td>U.S.-Fiji TIFA</td>
<td>Oct. 15, 2020</td>
<td>The first meeting under the U.S.-Fiji TIFA was held on February 11, 2021, during which officials discussed the GSP program, labor standards, market access for agricultural products, and intellectual property issues, among other topics.</td>
</tr>
<tr>
<td>U.S.-Paraguay</td>
<td>Jan. 13, 2017</td>
<td>In March 2021, the U.S.-Paraguay TIFA formally entered into force. It will be the mechanism for managing the two countries’ existing Intellectual Property Workplan.</td>
</tr>
<tr>
<td>U.S.-Philippines TIFA</td>
<td>Nov. 9, 1989</td>
<td>In April 2021, the Philippines issued an executive order that lowered MFN tariff rates and increased 1-year quota volumes on imported fresh, chilled and frozen pork, following a December 2020 meeting of the U.S.-Philippines TIFA Agriculture Working Group.</td>
</tr>
</tbody>
</table>

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### Chapter 4: Selected Regional and Bilateral Activities

<table>
<thead>
<tr>
<th>Type and name</th>
<th>Date signed</th>
<th>2021 Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-Taiwan TIFA</td>
<td>Sept. 19, 1994</td>
<td>On June 29, 2021, the United States and Taiwan convened the 11th TIFA Council meeting, during which they discussed a range of trade issues, and agreed to mutually combat exploitative labor in global supply chains and to form a Labor Working Group under the TIFA.</td>
</tr>
<tr>
<td>U.S.-Tunisia TIFA</td>
<td>Oct. 2, 2002</td>
<td>In May 2021, the United States held a virtual meeting under the U.S.-Tunisia TIFA.</td>
</tr>
<tr>
<td>U.S.-Ukraine TICA</td>
<td>Mar. 28, 2008</td>
<td>On November 9, 2021, the United States and Ukraine held the 10th TICA meeting, which focused on increasing bilateral trade and investment, and forming a Labor Working Group under the TICA.</td>
</tr>
<tr>
<td>U.S.-United Arab Emirates TIFA</td>
<td>Mar. 15, 2004</td>
<td>In June 2021, the United States held a meeting under the U.S.-United Arab Emirates TIFA.</td>
</tr>
<tr>
<td>U.S.-Uruguay TIFA</td>
<td>Jan. 25, 2007</td>
<td>On August 5–6, 2021, the ninth TIC meeting under the U.S.-Uruguay TIFA was held in Montevideo, Uruguay, during which the two countries agreed to launch negotiations to update the TIFA with a Protocol on Trade Rules and Transparency.</td>
</tr>
</tbody>
</table>


Note: The U.S.-ASEAN TIFA includes the United States and the 10 member countries of ASEAN: Brunei, Cambodia, Indonesia, Laos, Malaysia, Burma, the Philippines, Singapore, Thailand, and Vietnam. The U.S.-Central Asia TIFA includes the United States and Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.
Chapter 5
U.S. Free Trade Agreements

This chapter summarizes developments related to U.S. free trade agreements (FTAs) during 2021. It describes trends in U.S. merchandise imports entered under FTAs, summarizes major activities involving U.S. FTAs in force during 2021, and highlights the status of U.S. FTA negotiations during the year. As of December 31, 2021, the United States had 14 FTAs in force with 20 trading countries (table 5.1). The most recent one is the United States-Mexico-Canada Agreement (USMCA), which replaced the North American Free Trade Agreement (NAFTA) and entered into force on July 1, 2020.

Table 5.1 U.S. free trade agreements (FTAs) in force as of December 31, 2021

<table>
<thead>
<tr>
<th>FTA</th>
<th>Date of signature</th>
<th>Date of entry into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-Israel FTA</td>
<td>April 22, 1985</td>
<td>August 19, 1985</td>
</tr>
<tr>
<td>U.S.-Jordan FTA</td>
<td>October 24, 2000</td>
<td>December 17, 2001</td>
</tr>
<tr>
<td>U.S.-Chile FTA</td>
<td>June 6, 2003</td>
<td>January 1, 2004</td>
</tr>
<tr>
<td>U.S. Singapore FTA</td>
<td>May 6, 2003</td>
<td>January 1, 2004</td>
</tr>
<tr>
<td>U.S.-Australia FTA</td>
<td>May 18, 2004</td>
<td>January 1, 2005</td>
</tr>
<tr>
<td>U.S.-Bahrain FTA</td>
<td>September 14, 2004</td>
<td>August 1, 2006</td>
</tr>
<tr>
<td>Dominican Republic-Central America FTA (CAFTA-DR)</td>
<td>May 28, 2004; August 5, 2004</td>
<td>March 1, 2006 – January 1, 2009 (various dates)</td>
</tr>
<tr>
<td>U.S.-Oman FTA</td>
<td>January 19, 2006</td>
<td>January 1, 2009</td>
</tr>
<tr>
<td>U.S.-Peru TPA</td>
<td>April 12, 2006</td>
<td>February 1, 2009</td>
</tr>
<tr>
<td>U.S.-Colombia TPA</td>
<td>November 22, 2006</td>
<td>May 15, 2012</td>
</tr>
<tr>
<td>U.S.-Panama TPA</td>
<td>June 28, 2007</td>
<td>October 31, 2012</td>
</tr>
<tr>
<td>United States-Mexico-Canada Agreement (USMCA)</td>
<td>November 30, 2018</td>
<td>July 1, 2020</td>
</tr>
</tbody>
</table>

Note: The U.S.-Jordan FTA was fully implemented on January 1, 2010. CAFTA-DR is an FTA between the United States and six countries in Central America and the Caribbean, and is composed of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic. The Central American parties and the United States first signed the agreement on May 28, 2004, and all parties including the Dominican Republic signed on August 5, 2004. CAFTA-DR entered into force between the United States and Costa Rica on January 1, 2009; between the United States and the Dominican Republic on March 1, 2007; between the United States and Guatemala on July 1, 2006; between the United States and Honduras and Nicaragua on April 1, 2006; and between the United States and El Salvador on March 1, 2006. On July 1, 2020, the USMCA replaced NAFTA which had entered into force on January 1, 1994.

529 According to USTR, the term “free trade agreements” includes free trade agreements (FTAs) and trade promotion agreements (TPAs). USTR, “Free Trade Agreements,” accessed April 14, 2022.
530 The U.S. Census Bureau maintains data on U.S. exports to FTA partners, but it does not collect data on how other countries impose duties on imports into their respective countries. Given this data gap, we would be unable to reconcile U.S. export data with individual FTA partners’ data for originating U.S. goods imports. Thus, chapter 6 of this report discusses only total U.S. exports to FTA partners.
U.S. Imports Entered under FTAs in 2021

The value of U.S. merchandise imports that entered under FTAs (hereafter FTA imports) increased by 18.7 percent to $417 billion in 2021 (table 5.2). Of the 14 FTAs, FTA imports under the USMCA accounted for more than three-quarters of total FTA imports (77.2 percent or $322 billion), under which Mexico contributed the largest share of 47.5 percent, and Canada accounted for 29.7 percent. FTA imports under non-USMCA FTAs increased 24.5 percent to $95 billion in 2021.

U.S. FTA imports from Mexico and Canada experienced the largest increases in absolute dollar value, while U.S. FTA imports from Oman, Chile, and Bahrain incurred the largest increases in percentage changes, though each rose from a smaller baseline. Panama was the only FTA partner from which the United States decreased FTA imports in 2021, which contracted by 2.0 percent (table 5.2).

Table 5.2 U.S. imports entered under FTA provisions, by FTA country/country group, annual, 2019–21

<table>
<thead>
<tr>
<th>FTA country/country group</th>
<th>2019 (million $)</th>
<th>2020 (million $)</th>
<th>2021 (million $)</th>
<th>Percentage change, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>124,234</td>
<td>101,064</td>
<td>123,832</td>
<td>22.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>202,056</td>
<td>173,962</td>
<td>198,226</td>
<td>13.9</td>
</tr>
<tr>
<td>Entered under USMCA provisions</td>
<td>326,290</td>
<td>275,026</td>
<td>322,058</td>
<td>17.1</td>
</tr>
<tr>
<td>Israel</td>
<td>2,914</td>
<td>2,838</td>
<td>3,202</td>
<td>12.8</td>
</tr>
<tr>
<td>Jordan</td>
<td>1,864</td>
<td>1,561</td>
<td>2,040</td>
<td>30.7</td>
</tr>
<tr>
<td>Chile</td>
<td>5,455</td>
<td>5,430</td>
<td>9,229</td>
<td>70.0</td>
</tr>
<tr>
<td>Singapore</td>
<td>5,118</td>
<td>5,559</td>
<td>6,662</td>
<td>19.8</td>
</tr>
<tr>
<td>Australia</td>
<td>3,977</td>
<td>3,815</td>
<td>4,270</td>
<td>11.9</td>
</tr>
<tr>
<td>Morocco</td>
<td>256</td>
<td>307</td>
<td>386</td>
<td>25.7</td>
</tr>
<tr>
<td>Bahrain</td>
<td>604</td>
<td>349</td>
<td>500</td>
<td>43.3</td>
</tr>
<tr>
<td>CAFTA-DR</td>
<td>14,873</td>
<td>12,540</td>
<td>15,933</td>
<td>27.1</td>
</tr>
<tr>
<td>Oman</td>
<td>726</td>
<td>522</td>
<td>1,040</td>
<td>99.2</td>
</tr>
<tr>
<td>Peru</td>
<td>3,570</td>
<td>3,504</td>
<td>4,179</td>
<td>19.3</td>
</tr>
<tr>
<td>South Korea</td>
<td>36,544</td>
<td>35,306</td>
<td>42,394</td>
<td>20.1</td>
</tr>
<tr>
<td>Colombia</td>
<td>6,076</td>
<td>4,501</td>
<td>5,085</td>
<td>13.0</td>
</tr>
<tr>
<td>Panama</td>
<td>49</td>
<td>49</td>
<td>48</td>
<td>−2.0</td>
</tr>
<tr>
<td>Entered under all other FTA provisions</td>
<td>82,026</td>
<td>76,281</td>
<td>94,968</td>
<td>24.5</td>
</tr>
<tr>
<td>Entered under all FTAs</td>
<td>408,316</td>
<td>351,307</td>
<td>417,026</td>
<td>18.7</td>
</tr>
<tr>
<td>All imports under non-FTAs</td>
<td>2,089,472</td>
<td>1,984,740</td>
<td>2,407,368</td>
<td>21.3</td>
</tr>
<tr>
<td>Total U.S. imports for consumption</td>
<td>2,497,788</td>
<td>2,336,047</td>
<td>2,824,394</td>
<td>20.9</td>
</tr>
</tbody>
</table>

Note: All imports under non-FTAs refer to imports from all countries that are not imported under a free-trade agreement (FTA) provision.

532 Data on imports in this section use “imports for consumption” as a measure, which covers the total of all goods that were cleared by U.S. Customs and Border Protection (CBP) to enter the customs territory of the United States with required duties paid.
In 2021, 43.0 percent of U.S. imports from 20 FTA countries entered under FTA provisions (table 5.3). FTA imports made up more than half of total imports for Jordan (73.9 percent), Chile (61.1 percent), Peru (60.6 percent), Oman (56.3 percent), CAFTA-DR countries (53.3 percent), and Mexico (51.5 percent), reflecting the significance of FTAs for these countries. Almost half of U.S. imports from Bahrain and South Korea entered under FTA provisions at 45.6 and 44.6 percent, respectively, though imports under those provisions decreased in 2021 relative to 2020. The countries with the smallest shares of total imports entered under FTA provisions were Panama (6.4 percent), Israel (16.8 percent), and Singapore (22.5 percent).

Table 5.3 Shares of U.S. merchandise imports entered under FTA provisions, by FTA country/country group, annual, 2019–21
In percentages. USMCA = United States-Mexico-Canada Agreement; CAFTA-DR = Dominican Republic-Central America-United States Free Trade Agreement. The first 3 rows of the table show U.S. imports for consumption from Canada and Mexico under NAFTA, and under the USMCA; the next 13 rows show U.S. imports from countries under 13 other FTA agreements, followed by their total under all other FTA provisions and by the total under all FTAs.

<table>
<thead>
<tr>
<th>FTA country/country group</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Percentage point change, 2020–21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>39.0</td>
<td>37.3</td>
<td>34.6</td>
<td>−2.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>56.8</td>
<td>53.5</td>
<td>51.7</td>
<td>−1.8</td>
</tr>
<tr>
<td>Entered under USMCA provisions</td>
<td>48.4</td>
<td>46.1</td>
<td>43.5</td>
<td>−2.7</td>
</tr>
<tr>
<td>Israel</td>
<td>14.5</td>
<td>18.0</td>
<td>16.8</td>
<td>−1.2</td>
</tr>
<tr>
<td>Jordan</td>
<td>85.7</td>
<td>82.8</td>
<td>73.9</td>
<td>−8.9</td>
</tr>
<tr>
<td>Chile</td>
<td>52.5</td>
<td>53.7</td>
<td>61.1</td>
<td>7.5</td>
</tr>
<tr>
<td>Singapore</td>
<td>19.4</td>
<td>18.1</td>
<td>22.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Australia</td>
<td>36.6</td>
<td>26.5</td>
<td>34.0</td>
<td>7.5</td>
</tr>
<tr>
<td>Morocco</td>
<td>16.1</td>
<td>28.7</td>
<td>32.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Bahrain</td>
<td>59.9</td>
<td>58.1</td>
<td>45.6</td>
<td>−12.5</td>
</tr>
<tr>
<td>CAFTA-DR</td>
<td>57.8</td>
<td>52.7</td>
<td>53.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Oman</td>
<td>63.2</td>
<td>64.0</td>
<td>56.3</td>
<td>−7.7</td>
</tr>
<tr>
<td>Peru</td>
<td>58.4</td>
<td>62.4</td>
<td>60.6</td>
<td>−1.8</td>
</tr>
<tr>
<td>South Korea</td>
<td>48.2</td>
<td>47.0</td>
<td>44.6</td>
<td>−2.4</td>
</tr>
<tr>
<td>Colombia</td>
<td>41.5</td>
<td>39.0</td>
<td>38.6</td>
<td>−0.4</td>
</tr>
<tr>
<td>Panama</td>
<td>11.0</td>
<td>6.9</td>
<td>6.4</td>
<td>−0.5</td>
</tr>
<tr>
<td>Entered under all other FTA provisions</td>
<td>41.8</td>
<td>39.7</td>
<td>41.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Entered under all FTAs</td>
<td>46.9</td>
<td>44.6</td>
<td>43.0</td>
<td>−1.6</td>
</tr>
</tbody>
</table>


Developments in U.S. FTAs Already in Force During 2021

During 2021, the United States had 14 free trade agreements in force. While these agreements vary in coverage, they address many issues including labor, environment, intellectual property, anti-corruption, digital trade, regulatory practices, and small and medium-sized enterprises (SMEs). Highlights of development in 2021 related to these FTA provisions as well as other issues are discussed below.

533 For more information on various provisions in U.S. FTAs, see USITC, TPA Retrospective 2, June 2021.
The United States-Mexico-Canada Agreement

The United States-Mexico-Canada Agreement (USMCA or the “Agreement”) entered into force on July 1, 2020, superseding the North American Free Trade Agreement (NAFTA).534 The USMCA maintains the tariff preferences at zero duty rates that were in place under NAFTA, modifies the investor-state dispute settlement mechanism with respect to Mexico, and includes additional obligations covering, for example, labor rights, environmental protection, good regulatory practices and digital trade. The Labor and Environment chapters are fully enforceable. This section describes actions taken in 2021 by the USMCA Free Trade Commission and developments in the implementation of provisions such as labor monitoring and enforcement, environment, small and medium-sized enterprises, rules of origin, and dispute settlement.535

Developments in the Implementation of the USMCA

Free Trade Commission

The Agreement establishes a Free Trade Commission, composed of ministerial-level government representatives of the United States, Canada, and Mexico (“the parties”).536 The first Free Trade Commission meeting under the USMCA took place on May 17–18, 2021. Following the meeting, a trilateral statement released by the Trade Ministers of Canada and Mexico, and the U.S. Trade Representative reiterated their recognition that, “trade policies should foster broad-based and equitable growth, spur innovation, protect our shared environment, and have a positive impact on people from all walks of life.”537 To this end, the Free Trade Commission meeting served as a forum under which all signatories recommitted “to fully implementing, enforcing, and fulfilling the Agreement’s terms and high standards throughout the life of the USMCA.”538

During the Free Trade Commission meeting, those officials of the three countries reviewed the work of the committees established by the USMCA and offered recommendations for future work. The Committees, which have convened virtually since July 1, 2020, include those on Rules of Origin and Origin Procedures; Textiles and Apparel Trade Matters; Trade Facilitation; Sanitary and Phytosanitary Measures; Technical Barriers to Trade; Transportation Services; Financial Services; Intellectual Property Rights; State-Owned Enterprises and Designated Monopolies; Small and Medium-Sized Enterprises (SMEs); Competitiveness; Good Regulatory Practices; Agricultural Trade; Working Group for Cooperation on Agricultural Biotechnology; Labor Council; Environment Committee; and Temporary Entry.539

535 For information on the negotiation and passage of the USMCA, see USITC, Year in Trade 2019, August 2020, 155–58; USITC, Year in Trade 2020, September 2021, 123–31.
536 USMCA, Ch. 30, Art. 30.1, July 1, 2020.
Further, the Ministers announced that the Committee on SME Issues would convene the first USMCA SMEs Dialogue on October 13–14, 2021, in San Antonio, Texas, where the governments of the three countries planned to engage directly with a diverse group of small business stakeholders, including those owned by women, indigenous peoples, and other underrepresented groups. Additionally, the Ministers directed the Committee to explore new approaches to better engage with such underrepresented communities.

During the May Free Trade Commission meeting, the United States, Mexico, and Canada also held dedicated discussions on the USMCA’s labor and environment obligations. On labor, the three countries affirmed their desire to fully enforce labor commitments in the Agreement. They noted that the USMCA seeks to raise standards for workers in North America, including those related to freedom of association and the right to collective bargaining, and to prohibit the importation of goods produced by forced labor. On environment, the USMCA member countries acknowledged that trade and environmental policies are mutually supportive, and that trade can provide opportunities to address environmental concerns such as wildlife trafficking, illegal logging and fishing, and marine litter. The three countries committed to increase law enforcement cooperation in the areas of wildlife trafficking and illegal logging and associated trade.

The Ministers also signed the second Free Trade Commission Decision under the USMCA, which adopted the Spanish- and French-language versions of multiple texts related to the Agreement, including the Rules of Procedure and the Code of Conduct applicable to dispute settlement proceedings under the Agreement and the Uniform Regulations concerning rules of origin. The decision also affirmed the mutual understanding of the applicability of the Transitional Provisions under the USMCA for binational panels under Chapter 19 of NAFTA and adopts amended Rules of Procedure for Article 10.12 of the Agreement and Rules of Procedure for Extraordinary Challenge Committees and Special Committees under Chapter 10 of the Agreement. The parties further committed to completing Spanish- and French-language versions of the Rules of Procedure for Binational Panels, Extraordinary Challenge Committees and Special Committees under Chapter 10 of the Agreement.

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541 The First USMCA Small and Medium-Sized Enterprise Dialogue took place in San Antonio, TX, on April 22, 2022. Topics for discussion included USMCA small business trade resources for exporting and importing under USMCA; small businesses sharing best practices for trading across the U.S., Canada, and Mexico; and small business COVID-19 recovery resources.” USTR, “First USMCA SMEs Dialogue,” April 22, 2022.
544 USTR, “USMCA Free Trade Commission Decision No. 2,” May 18, 2021. Previously, the Free Trade Commission signed the Free Trade Commission Decision No.1 on July 2, 2020. The Decision consisted in adopting the Rules of Procedure and Code of Conduct applicable to dispute settlement proceedings under the Agreement; established a Secretariat composed of National Section of each Party; and established rosters of panelists who are willing to serve as (1) panelist for disputes under Chapter 31 (Dispute Settlement), (2) as labor panelists for the Rapid Response Mechanism, and (3) as panelists for disputes under Section D of Chapter 10 (Trade Remedies). USTR, “USMCA Free Trade Commission Decision No. 1,” July 2, 2020.
The Labor Chapter of the USMCA provides enforceable labor obligations in the core text of the Agreement rather than in a side agreement. In announcing agreement on the USMCA, USTR indicated that the Labor Chapter represents the strongest provisions of any trade agreement. The Labor Chapter requires that the parties adopt and maintain in their laws, regulations, and practices labor rights recognized by the International Labour Organization’s Declaration on Fundamental Principles and Rights to Work; the chapter also requires parties to prohibit importation of goods produced by forced or compulsory labor, address violence against workers, ensure protection for migrant workers, and address discrimination in the workplace, including discrimination based on sexual orientation and gender identity; further, the chapter provides an Annex on Worker Representation in Collective Bargaining in Mexico, under which Mexico commits to specific legislative actions to provide for the effective recognition of the right to collective bargaining. It makes such labor provisions fully enforceable under the Agreement’s dispute settlement mechanism. In addition to the labor provisions, the Agreement also contains a new enforcement mechanism known as the Rapid Response Labor Mechanism (RRM) that provides for an independent panel investigation of denial of certain labor rights at “covered facilities,” as discussed in more detail below.

The USMCA’s Labor Chapter also established a Labor Council to consider any matter within the scope of the labor chapter and perform other functions as the parties decide. The Labor Council is composed of senior government representatives from trade and labor ministries that must meet within one year of the date of entry into force of the USMCA, and every two years thereafter, unless otherwise decided. If practicable, the Council meetings may include a public session or other means for Council members to meet with the public to discuss matters related to the implementation of the Labor Chapter. The Labor Council convened its first meeting on June 29, 2021. The Council meeting was held via videoconference and hosted by the United States. During the meeting, the government representatives noted the importance of the commitments in the Labor Chapter and expressed their desire for its effective implementation. The Council discussed several topics, including: (1) the ongoing implementation of Mexico’s recent labor law reform; (2) the Agreement’s requirement that each party prohibit the importation, into its territory, of goods produced in whole or in part by forced or compulsory labor; (3) key labor policies for migrant workers; and (4) areas for ongoing and future cooperation and technical capacity building. The Council meeting also included a virtual public session.
where workers, employers, civil society organizations, and the general public contributed to a discussion related to the implementation of the Labor Chapter.555

To monitor and evaluate the implementation and maintenance of Mexico’s Labor Law Reform of 2019, as well as compliance with its labor obligations, the USMCA Implementation Act, through the Interagency Labor Committee for Monitoring and Enforcement (Interagency Labor Committee), established the Independent Mexico Labor Expert Board (IMLEB, the Board).556 In its second report, delivered to the Interagency Labor Committee and U.S. Congress on July 7, 2021, the Board indicated that while Mexico has made significant progress in the implementation of its Labor Law Reform, there were a “number of serious concerns with Mexico’s labor law enforcement process and implementation of its labor reform.”557 The report noted that some already-adopted mechanisms lacked adequate government oversight, and that the “vast majority” of unionized workers were unable to democratically elect leaders, ratify their collective bargaining agreements (CBAs), or obtain a copy of their CBA.558 However, the Board found that present circumstances “do not warrant a determination that Mexico has failed to be in compliance with its labor obligations under the USMCA”—the same conclusion reached in its 2020 report.559 It offered multiple recommendations, including ending violence against workers, promoting transparency, reforming the legitimation process for CBAs, and strengthening labor inspections, among others.560

The USMCA’s Labor Chapter and the U.S.-Mexico Facility-Specific Rapid Response Labor Mechanism (RRM) allow the U.S. Government to take expedited enforcement actions against individual factories that appear to be denying Mexican workers the right of freedom of association and collective bargaining under Mexican law.561 In May 2021, the United States self-initiated a request for review under the RRM, concerning a General Motors facility in Silao, Mexico.562 Similarly, in May 2021, the United States also requested a review under the RRM in response to a petition filed by the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO); the Service Employees International Union (SEIU); the consumer advocacy organization, Public Citizen; and the “Sindicato Nacional Independiente de Trabajadores de Industrias y Servicios “Movimiento 20/32” [National Independent Union of Industry and Service Workers—20/32 Movement] (SNITIS) alleging a denial of workers’ rights at a Tridonex

556 Sec. 731 of the USMCA Implementation Act established that the Independent Mexico Labor Expert Board will be composed of 12 members including 4 members appointed by the Labor Advisory Committee, 2 members appointed by the Speaker of the U.S. House of Representatives, 2 members appointed by the president pro tempore of the U.S. Senate from among individuals recommended by the majority leader of the Senate and in consultation with the Chair of the Committee on Finance of the Senate, 2 members appointed by the minority leader of the U.S. House of Representatives, and 2 members appointed by the president pro tempore of the U.S. Senate from among individuals recommended by the minority leader of the Senate. Members of the Board will serve for a term of six years. 19 U.S.C. §§ 4671–4674.
558 IMLEB, Report to the Interagency Labor Committee and Congress, July 7, 2021, 42.
automotive parts facility in Matamoros, Mexico. Resolutions to these two reviews were reached expeditiously in 2021.

**Environment**

The USMCA’s Environment Chapter promotes mutually supportive trade and environmental policies and practices; promotes high levels of environmental protection and effective enforcement of environmental laws; and enhances the capacities of the parties to address trade-related environmental issues, including through cooperation, in the furtherance of sustainable development. The obligations of the Environment Chapter, which are part of the core of the Agreement rather than a side agreement, are fully enforceable under the USMCA’s dispute settlement mechanism. It addresses illegal, unreported, and unregulated fishing, combatting and preventing illegal trafficking in timber, fish, and other wildlife, and other environmental issues such as air quality and marine litter. The Environment Chapter also includes commitments to implement multilateral environmental agreements, such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the Montreal Protocol on Ozone Depleting Substances.

In addition to the environmental requirements under the Agreement, the USMCA Implementation Act required the President to establish an Interagency Environment Committee for Monitoring and Enforcement (Interagency Environment Committee or IEC) composed of the U.S. Trade Representative, who shall serve as chair, and representatives of various U.S. government agencies. The IEC’s purpose is to coordinate U.S. efforts to monitor and enforce obligations generally, carry out assessments of USMCA parties’ environmental laws and policies, and to monitor implementation of USMCA parties’ obligations under the Environment Chapter. The IEC convened regular meetings throughout 2021 to discuss issues related to monitoring and enforcement of Mexico’s and Canada’s USMCA environmental obligations.

The Environment Chapter also establishes an Environment Committee, comprising senior government representatives of the parties’ relevant trade and environmental governmental authorities. On June 17, 2021, Canada chaired the inaugural meeting of the Environment Committee. At the inaugural

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564 These two filings are discussed in detail in the “Dispute Settlement” section below.
565 USMCA, Ch. 24, July 1, 2020.
568 The Interagency Environment Committee was established on February 28, 2020, per Sec. 811 of the USMCA Implementation Act. Members of the Interagency Environment Committee include the U.S. Trade Representative, representatives of the U.S. Department of State, the U.S. Department of Treasury, the U.S. Department of Justice, the U.S. Fish and Wildlife Service in the U.S. Department of Interior, the U.S. Forest Service and the Animal and Plant Health Inspection Service in the U.S. Department of Agriculture, the National Oceanic Atmospheric Administration in the U.S. Department of Commerce, the U.S. Customs and Border Protection in the U.S. Department of Homeland Security, the U.S. Environmental Protection Agency, the U.S. Agency for International Development, and representatives from other federal agencies, as the President determines to be appropriate. 85 Fed. Reg. 12977–12978 (March 5, 2020); 19 U.S.C. §§ 4711–4717.
571 USMCA, Ch. 24, Art. 24.26, July 1, 2020.
meeting, parties provided updates on their efforts in implementing the USMCA environmental commitments and held a discussion on law enforcement cooperation to stem wildlife trafficking and trade in illegally harvested timber.\(^{573}\) The inaugural meeting also included the first public session, during which the parties provided an opportunity to share progress on USMCA Environment Chapter implementation and to receive questions and comments from the public on trade-related environmental matters in North America.\(^{574}\)

On July 1, 2020, in parallel with the USMCA Environment Chapter, the parties entered into the Environment Cooperation Agreement (ECA), which superseded the North American Agreement on Environmental Cooperation. The ECA retains and modernizes the Commission for Environment Cooperation (CEC) originally established under the North American Agreement on Environmental Cooperation.\(^{575}\) One of the ECA objectives is to support the implementation of the USMCA Environment Chapter commitments. The ECA also facilitates cooperation among the three countries in the areas of pollution reduction, strengthening environmental governance, biological diversity conservation, and sustainably managing natural resources.\(^{576}\)

The CEC Council met virtually on September 9–10, 2021, for its first regular session under the USMCA and the ECA to affirm the obligation to support the implementation of the USMCA Environment Chapter. The theme of the session was “Climate Change and Environmental Justice Solutions,” and featured updates on various deliverables including new grant programs and initiatives to support communities in meeting CEC goals.\(^{577}\) The meeting was chaired by the United States, whose statement recognized the importance of cooperation to achieve shared environmental goals and to promote sustainable development with strengthened trade and investment relations that will benefit underserved and vulnerable communities across North America.\(^{578}\) In 2021, the CEC continued the practice of reporting on actions taken on public submissions on enforcement matters. At the end of 2021, six submissions remained open; one involving the United States and five involving Mexico.\(^{579}\)

Small and Medium-Sized Enterprises

The USMCA SMEs Chapter promotes cooperation between the parties’ small business support infrastructure, including dedicated SME centers, incubators and accelerators, export assistance centers, and other centers as appropriate, to create an international network for sharing best practices, exchanging market research, and promoting SME participation in international trade, as well as business growth in local markets.\(^{580}\) The SME Chapter includes commitments on enhanced cooperation to increase trade and investment opportunities for SMEs, including those owned by women, and directs the parties to identify ways to assist SMEs in taking advantage of the Agreement.\(^{581}\) The chapter also

\(^{573}\) USTR, “Inaugural Meeting of the Environment Committee of the USMCA,” June 17, 2021.
\(^{575}\) Agreement on Environmental Cooperation (ECA), July 1, 2020; North American Agreement on Environmental Cooperation, 1993.
\(^{580}\) USMCA, Ch. 25, July 1, 2020.
\(^{581}\) USMCA, Ch. 25, Art. 25.4, July 1, 2020.
establishes the Committee on SME Issues (SME Committee) composed of government officials from each member country. The SME Committee is charged with supporting commitments under this chapter and with developing and promoting seminars, workshops, webinars, or other activities to inform SMEs of the benefits available to them under this Agreement. The SMEs chapter also directed the launch of a Trilateral SME Dialogue (SME Dialogue), which may include participants from the private sector, employees, nongovernment organizations, academic experts, SMEs owned by diverse and underrepresented groups, and other stakeholders from each member country. However, no activities occurred under the dialogue in 2021.

In July 2021, the SME Committee organized a trilateral webinar on the topic “Accessing USMCA Markets with E-Commerce: Tools for SMEs to increase online international sales.” During the webinar—attended by over 600 SMEs from the three countries—women-owned SMEs shared best practices in expanding export sales into the North American markets, including through the use of e-commerce. Webinar participants also received information about government resources. In addition, in 2021, the SME Committee launched a pilot network of small business development center (SBDC)/SME counselors among the parties to share best practices and help SME clients prepare for trade opportunities under the USMCA. Founding members from the United States are counselors from SBDCs, including from Historically Black Colleges and Universities, Women’s Business Centers, Minority Business Development Agency offices, Veterans Business Outreach Centers, and Native American Technical Assistance Centers. The pilot network held two meetings in 2021 to discuss a host of topics including best practices for reciprocal SME matchmaking.

**Rules of Origin**

On July 2, 2020, the USMCA Free Trade Commission issued its first decision adopting the Uniform Regulations. The Uniform Regulations are composed of two documents. One document is entitled the “Origin Procedures,” which is relatively short and concerns “the interpretation, application, and administration of Chapter 5 (Origins Procedures), Chapter 6 (Textiles and Apparel Goods), and Chapter 7 (Customs Administration and Trade Facilitation).” The other document, “Rules of Origin (ROOs)” is more extensive and concerns “the interpretation, application, and administration of Chapter 4 (Rules of Origin) and related provisions in Chapter 6 (Textiles and Apparel Goods).” The Uniform Regulations provide information on how USMCA’s rules of origin should be interpreted, applied, and administrated, especially as relevant to the automotive industry as well as the textiles and apparel goods industry. They cover several key USMCA obligations, including the automotive rules of origins, the textile and apparel rules of origin, the labor value content rules, and the steel and aluminum purchasing requirements. The Uniform Regulations also cover procedural and implementation elements related to ROOs.

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582 USMCA, Ch. 25, Art. 25.5, July 1, 2020.
583 USMCA, Ch. 25, Art. 25.4, July 1, 2020. The first USMCA SME Dialogue webinar took place on April 22, 2022.
585 USMCA, Ch. 25, Art. 25.4, July 1, 2020.
588 USMCA Uniform Regulations: Origins Procedures.
Chapter 5: U.S. Free Trade Agreements

The USMCA’s ROOs for motor vehicles raised the regional value content requirements to 75 percent for automobiles to receive preferential tariff treatment (compared to 62.5 percent under NAFTA). The USMCA ROOs also requires that at least 70 percent of a producer’s steel and aluminum purchases originate in North America. Further, a new rule for labor value content requires that a certain percentage of qualifying vehicles be produced by employees earning an average of $16 per hour.591 The USMCA allows vehicle producers to request an alternative staging regime for these requirements, which would allow them up to five years from entry into force of the agreement but no later than January 1, 2025, to meet these regional value and labor value content requirements.592

The Interagency Committee on Trade in Automotive Goods (Interagency Autos Committee)593 met regularly in 2021 to monitor the implementation of the USMCA’s automotive rules of origin, including the alternative staging regime and implementation of the Uniform Regulations.594 On August 20, 2021, Mexico requested consultations with the United States regarding the interpretation and application of certain rules of origin for automobiles under the USMCA, and on August 26, 2021, Canada notified its intent to join the consultations. Mexico and the United States held consultation on September 24, 2021.595 Details of this dispute follow in the Chapter 31 dispute settlement section.

USMCA Dispute Settlement

The principal dispute settlement mechanisms of the USMCA are included in Chapter 10 (Trade Remedies), Chapter 14 (Investment), and Chapter 31 (Dispute Settlement).596 Article 10.12 under Chapter 10 establishes a mechanism to provide an alternative to judicial review by domestic courts of final determinations in antidumping and countervailing duty cases, with review by independent binational panels established under the Agreement. Chapter 14 includes procedures for resolving disputes between a party and an investor of another party. Annex 14-C addresses the transition from NAFTA to the USMCA regarding “Legacy Investment Claims and Pending Claims.” Two annexes (Annexes 14-D and 14-E) apply only between Mexico and the United States regarding investment disputes. Finally, Chapter 31 governs government-to-government disputes concerning interpretations of, and obligations under, the Agreement. Annex 31-A to Chapter 31 established the United States-Mexico Facility-Specific Rapid Response Labor Mechanism, which allows the United States to take expedited enforcement action against individual facilities in Mexico that deny workers the right of free association and collective bargaining under Mexico’s laws necessary to fulfill the obligations under the USMCA labor provisions.597

592 USMCA, Ch. 4, July 1, 2020.
593 Sec. 202A(b) of the USMCA Implementation Act requires the President to establish an Interagency Committee on Trade in Automotive Goods (Interagency Autos Committee) to provide advice in the operation of the USMCA with respect to the trade of automotive goods. The members of the Interagency Autos Committee include the Secretary of Commerce, the Secretary of Labor, the U.S. Trade Representative, the Chairman of the U.S. International Trade Commission, the Commissioner of U.S. Customs and Border Protection in the U.S. Department of Homeland Security, and any other members determined to be necessary by the U.S. Trade Representative. 19 U.S.C. § 4532(b); 85 Fed. Reg. 12983–12984 (March 6, 2020).
Chapter 10: At the end of 2021, there were seven active cases under review by binational panels established under Chapter 10, Article 10.12 (table 5.4). Four challenge the U.S. Department of Commerce’s (USDOC) antidumping and countervailing duty orders on softwood lumber from Canada, one challenges the Canadian investigating authority’s final antidumping determination on gypsum board, and two challenge the United States investigating authority’s final antidumping determination on carbon and certain alloy steel wire rod and steel concrete reinforcing bar from Mexico.598

Table 5.4 Active panel reviews under USMCA Chapter 10 during 2021 and their status as of December 31, 2021
AD = antidumping; CVD = countervailing duty; AR = administrative review; CDA = Canada; MEX = Mexico.

<table>
<thead>
<tr>
<th>Country of determination under panel review</th>
<th>Panel review number</th>
<th>Case</th>
<th>Date of request</th>
<th>Status</th>
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<td>Softwood Lumber CVD AR</td>
<td>December 10, 2020</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-CDA-2020-10.12-02</td>
<td>Softwood Lumber AD AR</td>
<td>December 22, 2020</td>
<td>Active</td>
</tr>
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<td>United States</td>
<td>USA-CDA-2021-10.12-03</td>
<td>Softwood Lumber CVD AR2</td>
<td>December 28, 2021</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-CDA-2021-10.12-04</td>
<td>Softwood Lumber AD AR2</td>
<td>December 29, 2021</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-MEX-2021-10.12-01</td>
<td>Carbon and Certain Alloy Steel Wire Rod from Mexico Steel Concrete Reinforcing</td>
<td>September 17, 2021</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-MEX-2021-10.12-02</td>
<td>Bar AD AR</td>
<td>October 8, 2021</td>
<td>Active</td>
</tr>
<tr>
<td>Canada</td>
<td>CDA-USA-2020-10.12-01</td>
<td>Gypsum Board AD</td>
<td>November 26, 2020</td>
<td>Active</td>
</tr>
</tbody>
</table>


Chapter 31: On May 25, 2021, the United States requested the establishment of a binational USMCA dispute settlement panel under USMCA’s Chapter 31, to review Canada’s dairy tariff-rate quota (TRQ) allocation measures (table 5.5).599 The panel released its final report on December 20, 2021, and to the public on January 4, 2022.600 The Panel agreed with the United States that Canada’s allocation of dairy TRQs, specifically the setting aside of a percentage of each dairy TRQ exclusively for Canadian processors, is inconsistent with Canada’s commitment in Article 3.A.2.11(b) of the USMCA not to “limit access to an allocation to processors.”601

601 On March 2, 2022, in response to the findings of the USMCA panel, Global Affairs Canada began public consultations concerning proposed changes to its USMCA dairy TRQs. On May 16, 2022 Canada published the changes as final and, having rejected these changes, the United States made a second request for dispute settlement consultations with Canada under USMCA on May 2, 2022. TAS e-Filing, “Public Reading Room, Disputes, Dairy TRQ Allocation Measures, Docket Filing #23,” January 4, 2022; USTR, “Second USMCA Dispute on Canadian Dairy TRQs,” May 25, 2022.
On June 18, 2021, Canada requested the establishment of a USMCA Chapter 31 dispute settlement panel to review the United States’ Crystalline Silicon Photovoltaic Cells Safeguard Measure.\textsuperscript{602} In its panel request and subsequent written submissions, Canada claimed that the President’s decision in 2018 not to exclude Canadian products from the safeguard measure was inconsistent with USMCA Articles 10.2.1, 10.2.2, 10.2.5(b), 10.3, and 2.4.2.\textsuperscript{603} Canada also claimed that section 312 of the USMCA Implementation Act (19 U.S.C. § 4552), which provides the President with definitive authority to determine whether to exclude USMCA parties from safeguard actions, is inconsistent with Article 10.3 of the USMCA.\textsuperscript{604} As of December 2021, panel proceedings were ongoing (table 5.5).\textsuperscript{605}

On August 20, 2021, Mexico requested consultations with the United States regarding the interpretation and application of Article 3 (Regional Value Content for Passenger Vehicles, Light Trucks, and Parts Thereof) of the Appendix to Annex 4-B (Provisions Related To The Product-Specific Rules Of Origin For Automotive Goods) and Article 4.5.4 (Regional Value Content) of the USMCA.\textsuperscript{606} On August 26, 2021, Canada notified its intent to join the consultations. The United States held consultations with Mexico and Canada on September 24, 2021, but the consultations did not resolve the dispute and it was still ongoing as of December 31, 2021.\textsuperscript{607}

\begin{table}[h]
\centering
\begin{tabular}{lllll}
\hline
Complainant & Panel review number & Title & Date of request & Status \\
\hline
United States & CDA-USA-2021-31-01 & Dairy TRQ Allocation Measures & May 25, 2021 & Complete, December 20, 2021 \\
Canada & USA-CDA-2021-31-01 & Crystalline Silicon Photovoltaic Cells Safeguard Measure & June 18, 2021 & Active \\
\hline
\end{tabular}
\caption{Active panel reviews under USMCA Chapter 31 during 2021 and their statuses as of December 31, 2021}
\end{table}

\textsuperscript{602} TAS e-Filing, “Public Reading Room, Disputes, Crystalline Silicon Photovoltaic Cells Safeguard Measure, Docket Filing #1,” June 18, 2021.

\textsuperscript{603} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 79.

\textsuperscript{604} USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 79.

\textsuperscript{605} The panel released its final report in February 2022, which found that the prior U.S. Administration’s decision to include imports from Canada in the solar safeguard measure was inconsistent with certain USMCA rules. This dispute was ultimately resolved via a memorandum of understanding on trade in solar products signed by the United States and Canada on July 8, 2022. USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 79; USTR, “United States and Canada Announce a Memorandum of Understanding on Trade in Solar Products,” July 7, 2022.


\textsuperscript{607} On January 6, 2022, the Government of Mexico requested the establishment of a panel in connection with its dispute with the United States concerning the interpretation and application of the rules of origin for automotive goods under the USMCA.\textsuperscript{607} Mexico claimed that the United States is interpreting and applying the USMCA’s automotive rules of origin in a manner inconsistent with Chapters 4 (Rules of Origin) and 5 (Origin Procedures) of the Agreement, as well as the Uniform Regulations adopted by the USMCA parties.\textsuperscript{607} On January 13, 2022, Canada
Chapter 31, Annex 31-A: In 2021, the United States twice invoked the RRM against two facilities operating in Mexico. One against General Motors, Silao, Mexico and another against Tridonex, the auto parts facility owned by Philadelphia-based Cardone Industries, in Matamoros, Mexico.608

General Motors, Silao, Mexico

Invoking the USMCA’s RRM for the first time, on May 10, 2021, the United States requested that Mexico conduct a review of whether a Denial of Rights was occurring to workers at the General Motors de México (General Motors Mexico) facility in Silao, State of Guanajuato, Mexico.609 The request noted that “significant concerns arise from events preceding, during, and surrounding an April 2021 vote for approval of a collective bargaining agreement (CBA) between General Motors de México” and the “Miguel Trujillo López” union. The request further noted that the United States understood that the approval process and vote, scheduled for April 5, 2021, was suspended by the Secretaría de Trabajo y Previsión Social (STPS)610 due to its concerns about irregularities, including the destruction of ballots. Additionally, the request noted that if Mexico were to determine that there is a denial of rights to workers at the General Motors de México facility in Silao, the United States further requested that Mexico attempt to remediate within 45 days of this request.611 Ambassador Katherine Tai directed the Secretary of the Treasury to suspend the final settlement of customs accounts related to entries of goods from General Motors’ Silao facility.612 Mexico conducted its review and on June 25, 2021, discussions began with the United States on a remediation plan.613

On July 8, 2021, the United States and Mexico announced a remediation agreement that addressed a denial of workers’ right of free association and collective bargaining that Mexico found to have occurred.614 The course of remediation had an end date of September 20, 2021. The course of remediation noted that General Motors de México would issue a statement of neutrality and zero-tolerance policy for retaliation, and that Mexico would, among other things:

- Ensure that the new vote to approve the CBA negotiated by the old Confederation of Mexican Workers union (CTM) would be held at the facility by August 20, 2021;


610 Secretariat of Labor and Social Welfare (STPS) or Secretaría de Trabajo y Previsión Social is Mexico’s Ministry of Labor.
612 Section 751 of the USMCA Implementation Act states that “if the United States files a request pursuant to article 31-A.4.2 of Annex 31-A of the USMCA, the Trade Representative may direct the Secretary of the Treasury to suspend liquidation for unliquidated entries of goods from such covered facility until such time as the Trade Representative notifies the Secretary that a condition described in subsection 751(b) has been met. 19 U.S.C. §§ 4691–4693; USTR, “USTR USMCA RRM Letter to Treasury,” May 12, 2021.
• Have present federal inspectors from Mexico’s Labor Ministry to prevent and address any intimidation and coercion from occurring;
• Permit the presence of international observers from the International Labour Organization (ILO) at the facility; and
• Investigate and sanction anyone responsible for events that led to the suspension of the April vote and any other violation of law in connection with the August vote.\footnote{USTR, “Fact Sheet: Agreement with Mexico on RRM Action in Silao,” July 8, 2021.}

In a second legitimization vote on August 17–18, 2021, to approve the existing CBA negotiated by the CTM, the CBA was rejected and thrown out.\footnote{USTR, “Successful First Course of Remediation under USMCA’s RRM,” September 22, 2021.} The rejection of the CBA allowed a process for workers to select a union to negotiate a new CBA. Following the free and democratic vote in August 2021, USTR and the USDOL announced the successful conclusion of the first course of remediation under the USMCA’s RRM.\footnote{USTR, “Successful First Course of Remediation under USMCA’s RRM,” September 22, 2021.} On September 21, 2021, USTR directed the Secretary of the Treasury to resume liquidation of entries of goods from General Motor’s Silao facility.\footnote{USTR, “Letter to the Secretary of Treasury,” September 21, 2021.}

Although the course of remediation concluded in September 2021, the United States and Mexico continued monitoring the labor conditions at the facility leading up to the February 1–2, 2022, vote to elect a union to represent workers in bargaining with the General Motors facility in Silao.\footnote{On February 3, 2022, workers at the General Motors Mexico facility elected an independent labor union by a wide margin. The new union, the National Independent Union for Workers in the Automotive Industry (SINTTIA), beat three rivals, including Mexico’s largest labor organization, CTM, that held the contract for 25 years. About 90 percent of eligible workers cast their votes for SINTTIA. On February 3, 2022, the U.S. Trade Representative noted that the “next stage of the process will be good faith bargaining between General Motors and the new union.” USTR, “February 1-2 Vote by Workers in Silao, Mexico,” February 3, 2022; Solomon, “‘Fed up’ GM Workers in Mexico Pick New Union in Historic Vote,” February 4, 2022.}

**Tridonex, Matamoros, Mexico**

On May 10, 2021, the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), the Service Employees International Union (SEIU), Public Citizen’s Global Trade Watch, and the “Sindicato Nacional Independiente de Trabajadores de Industrias y Servicios ‘Movimiento 20/32’ [National Independent Union of Industry and Service Workers—20/32 Movement] (SNITIS), filed a petition under the RRM, against Tridonex, S. de R.L. de C.V. (Tridonex), located in Matamoros, Tamaulipas, Mexico.\footnote{Tridonex, S. de R.L. de C.V., is a subsidiary of Cardone Industries, a Philadelphia-based auto parts manufacturer that supplies the U.S. market.}

The submission alleged that workers at the Tridonex automotive parts facility were being denied the right of free association and collective bargaining.\footnote{Government of Mexico, Secretariat of Economy, “Comprometidos Con El Correcto Funcionamiento Del T-MEC, Se Anuncian Acuerdos Respecto a Petición Laboral de Empresa de Autopartes [Committed to the Proper Functioning of the T-MEC, Agreements Are Announced Regarding the Labor Petition of an Auto Parts Company],” August 10, 2021.} The Interagency Labor Committee had 30 days to review the petition and determine if there was sufficient credible evidence of denial of rights in support of the claim.

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619 On February 3, 2022, workers at the General Motors Mexico facility elected an independent labor union by a wide margin. The new union, the National Independent Union for Workers in the Automotive Industry (SINTTIA), beat three rivals, including Mexico’s largest labor organization, CTM, that held the contract for 25 years. About 90 percent of eligible workers cast their votes for SINTTIA. On February 3, 2022, the U.S. Trade Representative noted that the “next stage of the process will be good faith bargaining between General Motors and the new union.” USTR, “February 1-2 Vote by Workers in Silao, Mexico,” February 3, 2022; Solomon, “‘Fed up’ GM Workers in Mexico Pick New Union in Historic Vote,” February 4, 2022.
620 Tridonex, S. de R.L. de C.V., is a subsidiary of Cardone Industries, a Philadelphia-based auto parts manufacturer that supplies the U.S. market.
621 Government of Mexico, Secretariat of Economy, “Comprometidos Con El Correcto Funcionamiento Del T-MEC, Se Anuncian Acuerdos Respecto a Petición Laboral de Empresa de Autopartes [Committed to the Proper Functioning of the T-MEC, Agreements Are Announced Regarding the Labor Petition of an Auto Parts Company],” August 10, 2021.
On June 9, 2021, in response to the petition filed on May 10, the Interagency Labor Committee determined that there was sufficient credible evidence of a denial of rights, which enabled the invocation of enforcement mechanism. On the same day, USTR and the USDOL announced they had agreed to pursue a complaint under the USMCA’s RRM against Tridonex, an auto plant in Mexico, for alleged workers’ rights violations. Next, Ambassador Tai submitted a request to Mexico that Mexico conduct a review as to whether workers at the Tridonex automotive parts facility were being denied the right of free association and collective bargaining. Mexico had 10 days to agree to conduct a review and 45 days from that day to remediate, if Mexico determined that there were denial of rights to workers at the Tridonex facility.

On June 19, 2021, Mexico agreed to review the U.S. complaint under the USMCA against Tridonex. The findings of the review, conducted by the Secretaría de Economía [Secretariat of Economy] and the STPS, would be shared with U.S. Government by July 24, 2021, after which a reparation course must be agreed with the counterparts of the U.S. Government, if the review determined that there was such denial of workers’ rights.

On August 10, 2021, USTR announced the United States had reached an agreement with Tridonex on a reparation course. The agreement provides severance, backpay, and a commitment to neutrality in future union elections. Tridonex agreed to:

- Provide severance and six months of backpay, totaling a minimum of nine months of pay per worker and in many cases much more, to at least 154 workers who were dismissed from the plant, for a total backpay amount of more than $600,000;
- Support the right of its workers to determine their union representation without coercion, including by protecting its workers from intimidation and harassment and welcoming election observers in the plant leading up to and during any vote;
- Provide training to all Tridonex workers on their rights to collective bargaining and freedom of association;
- Remain neutral in any election for union representation at its facility;
- Maintain and strengthen safety protocols to protect its workers from COVID-19 and financially support any employees who are unable to report to work due to COVID-19 exposure or infection; and
- Revise its procedures and train its managers on fair workforce reduction procedures; and

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624 USMCA, Ch. 31, Art. 31-A.4.2, July 1, 2020.
625 Government of Mexico, Secretariat of Economy or Secretaría de Economía.
• Maintain and staff an employee hotline phone number to receive and respond to complaints of violations of workers’ rights in the facility.

In addition to these commitments made by Tridonex, the Government of Mexico agreed to help facilitate workers’ rights training for Tridonex employees, monitor any union representation election at the facility, and investigate any claims of workers’ rights violations reported by employees at the plant.\textsuperscript{628}

The North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico was superseded on July 1, 2020, when the USMCA entered into force. The following section provides an update on NAFTA’s dispute settlement developments during 2021. Pursuant to the USMCA Annex 14-C, which addresses the transition between NAFTA and the USMCA for investor-state disputes, these cases may proceed to their conclusion in accordance with Chapter 11 of NAFTA.\textsuperscript{629}

NAFTA Dispute Settlement

The dispute settlement provisions of NAFTA are found in NAFTA’s Chapter 11 (Investment), Chapter 19 (Review and Dispute Settlement in Antidumping/Countervailing Duty Matters), and Chapter 20 (State-to-State Dispute Settlement).\textsuperscript{630} The interactive dashboard presents an overview of developments in NAFTA Chapter 19 dispute settlement cases to which the United States was a party in 2021.

During 2021, pending cases filed under Chapter 11 included three cases against Canada by U.S. investors;\textsuperscript{631} four cases filed against Mexico (three filed by U.S. investors and one by Canadian investors);\textsuperscript{632} and two cases filed against the United States (one filed by Canadian and Mexican investors, and one filed by Canadian investors).\textsuperscript{633} There were no pending disputes under Chapter 20 (State-to-State Dispute Settlement) in 2021.

Pursuant to the USMCA Chapter 34, which provides the transitional provisions from NAFTA, panel reviews may proceed to their completion in accordance with Chapter 19 of NAFTA.\textsuperscript{634} As of December 31, 2021, there were seven active binational panels remaining under NAFTA Chapter 19 (table 5.7). Two

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\textsuperscript{629} USMCA, Ch. 14, Annex 14-C, Art. 5, July 1, 2020. Annex 14-C addresses the transition between NAFTA and the USMCA regarding “Legacy Investment Claims and Pending Claims.”

\textsuperscript{630} A description of NAFTA provisions, settlement mechanisms, and arbitral provisions are provided in the 2019 report, USITC, \textit{Year in Trade 2019}, August 2020, 161.

\textsuperscript{631} USDOS, “Cases Filed Against the Government of Canada,” accessed April 25, 2022.

\textsuperscript{632} USDOS, “Cases Filed Against the Government of Mexico,” accessed April 25, 2022.

\textsuperscript{633} USDOS, “Cases Filed Against the Government of the United States,” accessed April 25, 2022.

\textsuperscript{634} Article 34.1 states that, “Transitional Provision from NAFTA 1994” of the USMCA states that “Chapter 19 of NAFTA shall continue to apply to binational panel reviews related to final determinations published by a Party before the entry into force of this agreement,” and the Secretariat established under the USMCA “shall perform the functions assigned to the NAFTA Secretariat under NAFTA Chapter 19 and under, for Chapter 19, the domestic implementation procedures adopted by the parties in connection therewith, until the binational panel has rendered a decision and a Notice of Completion of Panel Review has been issued by the Secretariat pursuant to the Rules of Procedures for Article 1904 Binational Panel Reviews.” USMCA, Ch. 34, Art 34.1, July 1, 2020.
concern the U.S. International Trade Commission’s determinations in fabricated structural steel from Canada and Mexico. Other active Chapter 19 cases include challenges to USDOL antidumping determinations on fabricated structural steel from Canada, light-walled rectangular pipe and tube from Mexico, and softwood lumber from Canada—a challenge to the USDOC antidumping and countervailing duty order on softwood lumber from Canada—and a challenge to the Mexican investigating authority’s final antidumping determination on ammonium sulphate from the United States.635 On July 7, 2021, a NAFTA Binational Panel issued its Decision in the matter of Ammonium Sulphate from the United States of America (Determination on Remand). The Binational Panel remanded the Secretaría de Economía second Determination on Remand and ordered the Secretaría de Economía to issue a redetermination within 90 days.636

Table 5.6 Active panel reviews under NAFTA Chapter 19 during 2021 and their statuses as of December 31, 2021
AD = antidumping; IN = injury; CVD = countervailing duty; AR = administrative review; ID = injury determination; USDOL = U.S. Department of Commerce; ITA = International Trade Administration (USDOC); USITC = U.S. International Trade Commission.

<table>
<thead>
<tr>
<th>Country of determination under panel review</th>
<th>Panel review number</th>
<th>Dispute</th>
<th>Investigating authority</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>USA-CDA-2020-1904-05</td>
<td>Fabricated Structural Steel from Canada (IN)</td>
<td>USITC</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-MEX-2020-1904-04</td>
<td>Fabricated Structural Steel from Mexico (IN)</td>
<td>USITC</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-CDA-2020-1904-02</td>
<td>Fabricated Structural Steel from Canada (AD)</td>
<td>USDOC/ITA</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-MEX-2019-1904-01</td>
<td>Light-Walled Rectangular Pipe and Tube from Mexico (AD)</td>
<td>USDOC/ITA</td>
<td>Active</td>
</tr>
<tr>
<td>United States</td>
<td>USA-CDA-2017-1904-03</td>
<td>Softwood Lumber from Canada (AD)</td>
<td>USDOC/ITA</td>
<td>Active</td>
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<tr>
<td>United States</td>
<td>USA-CDA-2017-1904-02</td>
<td>Softwood Lumber from Canada (CVD)</td>
<td>USDOC/ITA</td>
<td>Active</td>
</tr>
<tr>
<td>Mexico</td>
<td>MEX-USA-2015-1904-01</td>
<td>Ammonium Sulphate from the United States (AD)</td>
<td>Secretaría de Economía [Secretariat of Economy]</td>
<td>Active</td>
</tr>
</tbody>
</table>


Other U.S. FTAs in Force

During the ongoing COVID-19 pandemic, U.S. officials continued to engage with FTA partners for discussions on several matters, including labor and environmental issues, enhancing trade and investment, and dispute settlement. Highlights of the FTA activities in 2021 are summarized below.

The U.S.-Israel FTA

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Although the U.S.-Israel Joint Committee (JC) did not meet in 2021, USTR noted that representatives of both countries remained committed to negotiating a permanent successor to the U.S.-Israel Agreement on Trade in Agricultural Products.637

The U.S.-Jordan FTA

In 2021, the U.S. Government continued to engage with the Jordanian Ministry of Labor on commitments made under the Implementation Plan related to Working and Living Conditions of Workers in Jordan (Implementation Plan).638 Jordan has improved the coordination of inspections in garment factory dormitories through additional technical support to conduct remote inspections during the COVID-19 pandemic.639 Jordan also continued to work with the USDOL-funded ILO Better Work program to support Implementation Plan objectives in 2021. Efforts include: increasing understanding of international labor standards and the process for conducting audits; making factory-level audits public; making the garment worker union more transparent and democratic, establishing a migrant liaison to enable the garment worker union to reach the 75 percent migrant workforce; developing a Ministry of Labor inspectorate unit to promote knowledge of labor standards and inspection; launching a pilot program to address the mental health of migrant workers; and expanding a train-the-trainers program within the Ministry of Labor to better address collective disputes.640

The U.S.-Chile FTA

In 2021, the United States engaged with Chile on several topics such as how changes to Chile’s pension system affect the rights of U.S. investors, and issues related to the implementation of intellectual property rights provisions under the U.S.-Chile FTA.641 The United States and Chile continued to exchange information and best practices on labor issues under the FTA labor cooperation mechanism. USTR also worked with interagency colleagues and Chilean counterparts to negotiate a new work program for environmental cooperation under the U.S.-Chile FTA for the period of 2021–24.642

The U.S.-Singapore FTA

The U.S.-Singapore Joint Committee—the central oversight body for the FTA—met in October 2021 and agreed to work on areas such as environment, labor, digital trade, supply chains, and intellectual property.643 On December 3, 2021, the two countries met to review implementation of the Environment Chapter under the U.S.-Singapore FTA and discussed issues related to promoting a circular, “green”

638 In 2013, the United States and Jordan developed the Implementation Plan Related to Working and Living Conditions of Workers in Jordan (Implementation Plan). The Implementation Plan was developed to address serious labor concerns raised about Jordan’s garment factories, including anti-union discrimination against foreign workers, poor conditions of accommodations for foreign workers, and gender discrimination and harassment. USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 38.
economy, and wildlife trafficking. The two countries also negotiated a new Plan of Action for Environmental Cooperation under their Memorandum of Intent on Environmental Cooperation.

The U.S.-Australia FTA

The United States met regularly with Australia in 2021 to monitor implementation of the FTA and review market access concerns. Both countries continued to deepen the bilateral trade relationship and coordination.

The U.S.-Morocco FTA

Although the U.S.-Morocco Joint Committee has not met since 2019 due to the COVID-19 pandemic, the U.S.-Morocco FTA Agriculture Subcommittee and SPS Subcommittee held meetings in October 2021. Topics discussed include the use in Moroccan markets of common names for meats and cheeses, SPS issues and paths forward, as well as cooperation on agricultural trade issues of mutual interest. In February 2021, the United States and Morocco agreed to the use of a self-attestations to meet requests made earlier in 2021 by the Moroccan government regarding additional documentation of U.S. beef and beef product exports. The initial request for additional documentation was meant to confirm that U.S. beef and beef products meet the terms specified under the Rules of Origin Chapter of the U.S.-Morocco FTA.

The U.S.-Bahrain FTA

During 2021, the United States and Bahrain continued to monitor and engage on employment discrimination and freedom of association issues—topics highlighted in 2013 consultations under the U.S.-Bahrain FTA.

The Dominican Republic-Central America FTA (CAFTA-DR)

In 2021, various U.S. government agencies such as USDOL, U.S. Agency for International Development (USAID), and U.S. Department of State continued promoting labor rights and improving the enforcement of labor laws in the CAFTA–DR countries:

- USTR, USDOL, and the U.S. Department of State coordinated U.S. Embassy visits to sugarcane-producing worksites and worker communities in the Dominican Republic during 2021. The United States reiterated to the Ministries of Labor and Foreign Affairs the need to address the labor challenges in the sugar sector, such as by systemizing the labor inspection process and improving labor rights of sugarcane cutters. The Ministry of Labor took actions to improve working conditions through a USDOL-funded $5 million technical assistance project.

• In 2021, the U.S. Government conducted three missions in August, September, and November to Honduras to follow up on the 2015 Labor Rights Monitoring and Action Plan. The U.S. Department of State continued its funded program to combat labor violence. USDOL continued funding three projects to reduce child labor and improve the technical audit unit within the Ministry of Labor.651

• In Costa Rica, USDOL continued to fund a $2 million technical assistance project to build the capacity of key labor law enforcing agencies with respect to minimum wages, hours of work, and occupational safety. USDOL also continued funding a technical assistance project in Costa Rica that supports vulnerable youth in entering the job market.652

• USDOL continued to fund labor capacity-building projects in El Salvador, Guatemala, and Honduras, implemented by the policy research and analytics firm, IMPAQ International.653 The projects involved work on labor market information systems and vocational training and skill-building for at-risk youth.654

During 2021, the United States and Central America discussed a broad strategy to address the root causes of migration, focusing on trade facilitation, capacity building, transparency, and inclusivity:

• In September 2021, multiple committees under CAFTA-DR met to discuss policy cooperation and trade capacity building activities to simplify and harmonize the procedures of Central American customs and other border agencies; support the regional supply chain in the textiles and apparel industry; protect worker rights; and strengthen environmental protections.655

• In January 2021, Guatemala published a single customs schedule, which resolved longstanding challenges concerning tariff classification and U.S. preferential access in Guatemala.656

• In September 2021, the trade capacity building (TCB) Committee met to discuss TCB activities and technical assistance priorities, including the (1) Central America Customs, Border Management, and Supply Chain trade facilitation program, (2) the Building El Salvador’s Trade and Competitiveness in Textiles and Apparel to Strengthen Trade and Regional Economic Prosperity program, (3) the Central America Regional Trade Facilitation and Border Management project, and other workshops on the U.S. regulatory system, internal standards, and WTO obligations for CAFTA-DR parties.657

On October 14, 2021, the CAFTA-DR Environmental Affairs Council met for the 14th time to discuss updates on actions relating to environmental protection, enforcement legislation, public participation in environmental decision-making and pressing challenges facing the parties to the agreement. During the meeting, the Council received reports from the CAFTA-DR Secretariat for Environmental Matters regarding enforcement activities since 2007, and from the Organization of American States regarding

outcomes of the CAFTA-DR Environmental Cooperation Program. The meeting also included a public session, with representatives of civil society and nongovernmental organizations, academia, and the general public.\(^{658}\)

**The U.S.-Oman FTA**

In 2021, USTR and the USDOL continued to monitor labor rights in Oman pursuant to labor provisions of the FTA, including with respect to the creation of offices within the Royal Oman Police, Ministry of Labor, and Ministry of Foreign Affairs dedicated to counter-trafficking in persons.\(^{659}\)

**The U.S.-Peru TPA**

In 2021, the United States continued to work with Peru on issues related to the FTA’s Annex on Forest Sector Governance (Forest Annex) and Labor Chapter. A new Executive Director of the U.S.-Peru Secretariat for Submissions on Environmental Enforcement Matters was selected in December 2021 and will serve a term of two years beginning in early 2022.\(^{660}\)

**The U.S.-Korea FTA (KORUS)**

The KORUS Joint Committee—its central oversight body—convened in Seoul in November 2021. During the meeting, Ministers agreed to implement new approaches to effectively address emerging trade-related issues such as supply chain challenges, emerging technologies, the digital ecosystem, trade facilitation, worker-centered trade policy, and environmental concerns.\(^{661}\)

Throughout 2021, the United States continued to monitor and enforce the implementation of KORUS commitments through the 21 committees and working groups established under the Agreement. Five Committees held meetings in 2021, and two Committee meetings were postponed due to the COVID-19 pandemic.\(^{662}\) Such meetings addressed issues including: “(1) Korea’s implementation of KORUS obligations related to cross-border data transfers by financial service providers; (2) automotive-related regulations; (3) regulations affecting fair market access for online content; (4) procurement of cloud computing services; (5) Korea’s restrictions on the supply of legal services; (6) impediments to U.S. meat and poultry exports; (7) Korea’s approval process for genetically engineered products; (8) Korea’s positive list system for pesticides; (9) Korea’s administration of its tariff-rate quotas on agricultural products.”\(^{663}\) In August 2021, the Korean Ministry of Food and Drug Safety (MFDS) moved closer to international guidelines by reducing the number of data requirements necessary to secure a Korean food safety approval agricultural biotechnology products. This development came after technical

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\(^{659}\) USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 44.

\(^{660}\) USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 45.


\(^{662}\) The KORUS Financial Services Committee, Technical Barriers to Trade Committee, and the Automotive Working Group met in June 2021, and the Committee on Textile and Apparel Trade Matters met in September 2021. In November 2021, the Services and Investment Committee meeting was held. Meetings of the Committee on Agricultural Trade and the Committee on Sanitary and Phytosanitary (SPS) Matters for the 2021 cycle were postponed. USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 39.

engagement between USTR and its Korean counterparts under the KORUS SPS Committee and a submission on the Korean measure by the U.S. Government.  

The U.S.-Colombia TPA

The U.S.-Colombia Free Trade Commission met in October 2021 and reviewed implementation and operation of the Agreement. The Agreement Committees on Agriculture, Sanitary and Phytosanitary Measures, and Technical Barriers to Trade also met in 2021. During the Agriculture Committee meeting, officials discussed Colombia’s preferential treatment of U.S. corn and its pending safeguard measure on imports of U.S. dairy products initiated in June 2021. Following that engagement, Colombia announced in December 2021 that its investigation did not find evidence justifying any safeguard measures. The United States and Colombia exchanged letters in July 2021 which further clarified commitments under the U.S.-Colombia TPA by eliminating bureaucratic requirements for U.S. corn exporters.

In 2021, the Colombian Government took steps to address the issues raised in USDOL’s second periodic review of its 2017 report on submissions filed under the Labor Chapter of the Agreement. USTR and USDOL officials frequently engaged with officials in Colombia to discuss and coordinate on the review findings. USDOL managed technical assistance projects totaling approximately $26 million to improve labor law enforcement in Colombia.

The U.S.-Panama TPA

Under the United States–Panama Trade Promotion Agreement, Panama provides duty-free access to all U.S. consumer and industrial products as of January 1, 2021. The United States and Panama continued cooperation in 2021 to seek new opportunities for traders and investors by convening multiple committees under the Agreement, including the Agriculture, Technical Barriers to Trade, and Sanitary and Phytosanitary Committees. The U.S. Federal Mediation and Conciliation Service continued to provide trainings to Panama’s Inter-American School for Social Dialogue, Tripartism and Conflict Resolution, in conjunction with the Cooperative Labor Dialogue under the Agreement.

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669 Tariffs on some U.S. agricultural goods will be eliminated by January 1, 2026 (after a 15-year phase-out period). Tariffs on most sensitive agricultural products will be phased out in 18 to 20 years. U.S.-Panama TPA, Annex 3.3, June 28, 2007; USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 44.
670 USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 44.
Developments in FTA Negotiations during 2021

Prior to 2021, the United States began but did not complete FTA negotiations with the European Union (EU), the United Kingdom (UK), Japan, and Kenya under Trade Promotion Authority. The most recent renewal of this authority was contained in the Bipartisan Congressional Trade and Accountability Act of 2015; the authorities under this Act expired on July 1, 2021, and as of July 2022 had not been renewed. No new rounds of FTA negotiations occurred with these or any other U.S. trading partners during 2021.

672 Trade Promotion Authority is a legislative procedure through which Congress defines U.S. negotiating objectives and priorities for trade agreements and establishes consultation and notification requirements for the President to follow throughout the negotiation process. Under Trade Promotion Authority, Congress can pass an implementing bill under expedited procedures. For discussion of Trade Promotion Authority see USITC, Year in Trade 2018, October 2019, 138–39; USITC, Year in Trade 2015, July 2016, 133–34.


Chapter 6

U.S. Trade in 2021

This chapter provides an overview of U.S. trade in goods and services in 2021. It also reviews U.S. bilateral trade relations with selected major trading partners in 2021: the European Union (EU), China, Mexico, Canada, Japan, the United Kingdom (UK), and India.675 These trading partners were selected based on the size of their U.S. bilateral trade value in goods and services, as well as recent trade policy activities. For each trading partner, the chapter summarizes U.S. bilateral trade in goods and services, and reports major developments in bilateral trade policies and programs during 2021.

U.S. Merchandise Trade

Overview

The value of total U.S. merchandise trade was $4.6 trillion in 2021, a 22.0 percent increase from the 2020 level (figure 6.1).676 The value of U.S. merchandise exports increased by 23.1 percent to $1.8 trillion, while the value of U.S. merchandise imports increased by 21.3 percent to $2.8 trillion. As a result, the U.S. merchandise trade deficit increased by 18.4 percent to $1.1 trillion in 2021 (figure 6.1).677

675 EU data exclude the UK for the entire time series presented in this report.
676 Trade data in this section are reported as total exports and general imports. Measures include products that have been imported into the United States and re-exported without any further U.S. manufacturing. See USITC, “A Note on Trade Statistics,” August 22, 2014.
In 2021, U.S. exports and imports both increased year-on-year for the first three quarters (Q1, Q2, and Q3), exceeding their pandemic lows in the respective quarters of 2020 (figure 6.2). However, in Q3 of 2021 export growth stalled before falling significantly in Q4, driven by major declines in agricultural products, transportation equipment, textiles and apparel, and forest products.\textsuperscript{678} U.S. imports continued to increase steadily in the latter half of 2021, and reached their greatest value in Q4, mainly driven by electronic products and transportation equipment (figure 6.3).

\textsuperscript{678} USITC DataWeb/Census, accessed February 17, 2022.
**Figure 6.2** U.S. merchandise exports, quarterly (Q), 2020–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.18.


**Figure 6.3** U.S. merchandise imports, quarterly (Q), 2020–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.19.

U.S. Merchandise Trade by Trading Partner

In 2021, the EU, as a single entity, was the United States’ top trading partner in terms of two-way merchandise trade, followed by Canada, Mexico, China, and Japan. The United States had the largest bilateral merchandise trade deficit with China (table 6.1).

Table 6.1 U.S. total merchandise trade with top five trading partners, 2021
In billions of dollars. Two-way trade is defined as exports plus imports.

<table>
<thead>
<tr>
<th>Trading partner</th>
<th>Two-way trade</th>
<th>Total U.S. exports</th>
<th>General U.S. imports</th>
<th>Trade balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>762.9</td>
<td>271.6</td>
<td>491.3</td>
<td>−219.6</td>
</tr>
<tr>
<td>Canada</td>
<td>664.2</td>
<td>307.0</td>
<td>357.2</td>
<td>−50.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>661.2</td>
<td>276.5</td>
<td>384.7</td>
<td>−108.2</td>
</tr>
<tr>
<td>China</td>
<td>657.4</td>
<td>151.1</td>
<td>506.4</td>
<td>−355.3</td>
</tr>
<tr>
<td>Japan</td>
<td>210.1</td>
<td>75.0</td>
<td>135.1</td>
<td>−60.2</td>
</tr>
</tbody>
</table>


Canada was the leading market for U.S. merchandise exports, followed by Mexico and the EU (figure 6.4). China remained the leading source of U.S. merchandise imports in 2021, followed by the EU, Mexico, and Canada (figure 6.5).

Figure 6.4 Leading markets for U.S. merchandise total exports, by share, 2021
In percentages. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.20.

U.S. exports to all leading trade partners increased from 2020 to 2021. U.S. exports to India experienced the largest percent increase in 2021 relative to 2020, growing by 48.2 percent, primarily driven by energy-related products and minerals and metals. Mexico, Taiwan, China, and Canada also experienced notable increases of more than 20 percent (table 6.2). Exports to FTA partners accounted for 46.8 percent of total U.S. exports ($821.4 billion) in 2021, increasing slightly from 45.5 percent in 2020.\footnote{USITC DataWeb/Census, total exports, accessed February 17, 2022.}
Table 6.2 U.S. merchandise exports, by leading trading partners, annual, 2020–21
In billions of dollars and percentages.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Total exports, 2020 (billion $)</th>
<th>Total exports, 2021 (billion $)</th>
<th>Total exports, 2020–21, $ change (billion $)</th>
<th>Total exports, 2020–21, % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>255.4</td>
<td>307.0</td>
<td>51.6</td>
<td>20.2</td>
</tr>
<tr>
<td>Mexico</td>
<td>211.5</td>
<td>276.5</td>
<td>65.0</td>
<td>30.7</td>
</tr>
<tr>
<td>NAFTA/USMCA trading partners</td>
<td>466.9</td>
<td>583.5</td>
<td>116.6</td>
<td>25.0</td>
</tr>
<tr>
<td>Other FTA trading partners</td>
<td>182.0</td>
<td>237.9</td>
<td>55.9</td>
<td>30.7</td>
</tr>
<tr>
<td>FTA partner total</td>
<td>648.9</td>
<td>821.4</td>
<td>172.5</td>
<td>26.6</td>
</tr>
<tr>
<td>European Union</td>
<td>231.2</td>
<td>271.6</td>
<td>40.4</td>
<td>17.5</td>
</tr>
<tr>
<td>China</td>
<td>124.5</td>
<td>151.1</td>
<td>26.6</td>
<td>21.4</td>
</tr>
<tr>
<td>Japan</td>
<td>63.8</td>
<td>75.0</td>
<td>11.2</td>
<td>17.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>58.4</td>
<td>61.5</td>
<td>3.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Taiwan</td>
<td>30.2</td>
<td>36.9</td>
<td>6.7</td>
<td>22.3</td>
</tr>
<tr>
<td>India</td>
<td>27.1</td>
<td>40.1</td>
<td>13.0</td>
<td>48.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9.9</td>
<td>10.9</td>
<td>1.0</td>
<td>10.4</td>
</tr>
<tr>
<td>Other non-FTA trading partners</td>
<td>231.0</td>
<td>285.4</td>
<td>54.5</td>
<td>23.6</td>
</tr>
<tr>
<td>Non-FTA trading partner total</td>
<td>776.1</td>
<td>932.6</td>
<td>156.5</td>
<td>20.2</td>
</tr>
<tr>
<td>U.S. total exports</td>
<td>1,424.9</td>
<td>1,753.9</td>
<td>329.0</td>
<td>23.1</td>
</tr>
</tbody>
</table>


U.S. imports from most leading trading partners also increased from 2020 to 2021. U.S. imports from India experienced the largest percent increase relative to 2020 (43.1 percent), followed by Canada, whose U.S. imports increased by 32.1 percent. U.S. imports from Vietnam and Taiwan experienced significant increases in 2021, exceeding 20 percent (table 6.3). As in 2020, the increase in U.S. imports from Vietnam and Taiwan largely came from the electronic products sector. Secondary drivers of the increase in U.S. imports from these countries included miscellaneous manufactures and textiles and apparel, and minerals and metals. Imports from U.S. FTA partners accounted for 34.2 percent of total U.S. imports ($970.2 billion), increasing slightly from 33.7 percent in 2021.680

### Table 6.3 U.S. merchandise imports, by leading trading partners, annual, 2020–21
In billions of dollars and percentages.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Total imports, 2020 (billion $)</th>
<th>Total imports, 2021 (billion $)</th>
<th>Total imports, 2020–21, $ change (billion $)</th>
<th>Total imports, 2020–21, % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>270.3</td>
<td>357.2</td>
<td>86.8</td>
<td>32.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>325.2</td>
<td>384.7</td>
<td>59.5</td>
<td>18.3</td>
</tr>
<tr>
<td>NAFTA/USMCA trading partners</td>
<td>595.5</td>
<td>741.9</td>
<td>146.3</td>
<td>24.6</td>
</tr>
<tr>
<td>Other FTA trading partners</td>
<td>191.8</td>
<td>228.3</td>
<td>36.5</td>
<td>19.0</td>
</tr>
<tr>
<td>FTA partner total</td>
<td>787.3</td>
<td>970.2</td>
<td>182.9</td>
<td>23.2</td>
</tr>
<tr>
<td>European Union</td>
<td>415.5</td>
<td>491.3</td>
<td>75.8</td>
<td>18.2</td>
</tr>
<tr>
<td>China</td>
<td>434.7</td>
<td>506.4</td>
<td>71.6</td>
<td>16.5</td>
</tr>
<tr>
<td>Japan</td>
<td>119.5</td>
<td>135.1</td>
<td>15.6</td>
<td>13.1</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>50.3</td>
<td>56.4</td>
<td>6.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Taiwan</td>
<td>60.4</td>
<td>77.1</td>
<td>16.7</td>
<td>27.7</td>
</tr>
<tr>
<td>India</td>
<td>51.2</td>
<td>73.3</td>
<td>22.1</td>
<td>43.1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>79.6</td>
<td>101.9</td>
<td>22.3</td>
<td>28.0</td>
</tr>
<tr>
<td>Other non-FTA trading partners</td>
<td>337.4</td>
<td>421.3</td>
<td>83.9</td>
<td>24.9</td>
</tr>
<tr>
<td>Non-FTA trading partner total</td>
<td>1,548.7</td>
<td>1,862.7</td>
<td>314.0</td>
<td>20.3</td>
</tr>
<tr>
<td>U.S. total imports</td>
<td>2,336.0</td>
<td>2,832.9</td>
<td>496.9</td>
<td>21.3</td>
</tr>
</tbody>
</table>


### U.S. Merchandise Trade by Product Category

Exports of chemical related products overtook electronics products by a small margin to become the largest U.S. export sector in 2021. Chemical products and electronic products sectors together contributed 32.8 percent of U.S. exports. Other top exports included transportation equipment (15.5 percent of total merchandise exports) and energy-related products (14.1 percent of total merchandise exports). All sectors experienced an increase in the value of U.S. exports from 2020 to 2021, the largest among them being the energy-related products, chemicals, and minerals and metals (table 6.4 and the interactive dashboard).681

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681 These merchandise sectors are defined by the Commission. Each USITC digest sector encompasses a number of 8-digit subheadings in the Harmonized Tariff Schedule of the United States (HTS), which classifies tradable goods. The 11 sectors are agricultural products, forest products, chemicals and related products, energy-related products, textiles and apparel, footwear, minerals and metals, machinery, transportation equipment, electronic products, and miscellaneous manufactures. Digest sectors are further defined in USITC, Shifts in U.S. Merchandise Trade, 2021, June 2022; USITC DataWeb/Census, total exports, by USITC digest sector, accessed February 17, 2022.
### Table 6.4 U.S. merchandise exports, by USITC digest sector, 2020–21

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total exports, 2020 (billion $)</th>
<th>Total exports, 2021 (billion $)</th>
<th>Change in total exports, 2020–21, (billion $)</th>
<th>Change in total exports, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural products</td>
<td>157.2</td>
<td>185.4</td>
<td>28.2</td>
<td>17.9</td>
</tr>
<tr>
<td>Forest products</td>
<td>33.5</td>
<td>39.7</td>
<td>6.2</td>
<td>18.6</td>
</tr>
<tr>
<td>Chemicals and related products</td>
<td>229.2</td>
<td>289.1</td>
<td>59.9</td>
<td>26.1</td>
</tr>
<tr>
<td>Energy-related products</td>
<td>156.5</td>
<td>247.5</td>
<td>91.0</td>
<td>58.1</td>
</tr>
<tr>
<td>Textiles and apparel</td>
<td>18.8</td>
<td>22.3</td>
<td>3.4</td>
<td>18.3</td>
</tr>
<tr>
<td>Footwear</td>
<td>1.1</td>
<td>1.1</td>
<td>0.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Minerals and metals</td>
<td>128.3</td>
<td>169.7</td>
<td>41.4</td>
<td>32.2</td>
</tr>
<tr>
<td>Machinery</td>
<td>127.1</td>
<td>147.8</td>
<td>20.7</td>
<td>16.3</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>243.0</td>
<td>272.3</td>
<td>29.3</td>
<td>12.0</td>
</tr>
<tr>
<td>Electronic products</td>
<td>253.2</td>
<td>285.8</td>
<td>32.5</td>
<td>12.9</td>
</tr>
<tr>
<td>Miscellaneous manufactures</td>
<td>35.9</td>
<td>42.1</td>
<td>6.2</td>
<td>17.1</td>
</tr>
<tr>
<td>Special provisions</td>
<td>41.0</td>
<td>51.2</td>
<td>10.3</td>
<td>25.0</td>
</tr>
<tr>
<td>All sectors</td>
<td>1,424.9</td>
<td>1,753.9</td>
<td>329.0</td>
<td>23.1</td>
</tr>
</tbody>
</table>


Note: The category “Special Provisions” represents trade receiving particular duty or quota treatment under HTS chapters 98 and 99. Each USITC digest sector encompasses a number of HTS 8-digit subheadings. USITC digest sectors are listed and defined in USITC, Shifts in U.S. Merchandise Trade, 2021, June 2022.

Electronic products and transportation equipment continued to be the top two sectors for U.S. imports and together contributed 35.3 percent of 2021 U.S. imports. All sectors experienced significant growth in U.S. merchandise imports, ranging from 11.8 (transportation equipment) to 74.1 percent (energy-related products) relative to 2020 (table 6.5 and interactive dashboard).682

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682 USITC DataWeb/Census, general imports, by USITC digest sector, accessed February 17, 2022.
Table 6.5 U.S. merchandise imports, by USITC digest sector, 2020–21
In billions of dollars and percentage.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total imports, 2020 (billion $)</th>
<th>Total imports, 2021 (billion $)</th>
<th>Change in total imports, 2020–21, (billion $)</th>
<th>Change in total imports, 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural products</td>
<td>163.3</td>
<td>193.8</td>
<td>30.4</td>
<td>18.6</td>
</tr>
<tr>
<td>Forest products</td>
<td>44.6</td>
<td>61.1</td>
<td>16.5</td>
<td>37.0</td>
</tr>
<tr>
<td>Chemicals and related products</td>
<td>329.0</td>
<td>383.6</td>
<td>54.5</td>
<td>16.6</td>
</tr>
<tr>
<td>Energy-related products</td>
<td>125.9</td>
<td>219.2</td>
<td>93.3</td>
<td>74.1</td>
</tr>
<tr>
<td>Textiles and apparel</td>
<td>127.6</td>
<td>144.6</td>
<td>16.9</td>
<td>13.3</td>
</tr>
<tr>
<td>Footwear</td>
<td>20.7</td>
<td>27.2</td>
<td>6.5</td>
<td>31.4</td>
</tr>
<tr>
<td>Minerals and metals</td>
<td>203.8</td>
<td>261.5</td>
<td>57.6</td>
<td>28.3</td>
</tr>
<tr>
<td>Machinery</td>
<td>204.8</td>
<td>248.4</td>
<td>43.6</td>
<td>21.3</td>
</tr>
<tr>
<td>Transportation equipment</td>
<td>382.5</td>
<td>427.5</td>
<td>45.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Electronic products</td>
<td>483.7</td>
<td>572.0</td>
<td>88.3</td>
<td>18.3</td>
</tr>
<tr>
<td>Miscellaneous manufactures</td>
<td>148.4</td>
<td>174.6</td>
<td>26.2</td>
<td>17.6</td>
</tr>
<tr>
<td>Special provisions</td>
<td>101.7</td>
<td>119.5</td>
<td>17.9</td>
<td>17.6</td>
</tr>
<tr>
<td>All sectors</td>
<td>2,336.0</td>
<td>2,832.9</td>
<td>496.9</td>
<td>21.3</td>
</tr>
</tbody>
</table>

Note: The category “Special Provisions” represents trade receiving particular duty or quota treatment under HTS chapters 98 and 99. Each USITC digest sector encompasses a number of HTS 8-digit subheadings. USITC digest sectors are listed and defined in USITC, Shifts in U.S. Merchandise Trade, 2021, June 2022.

Eleven of the 12 broad sectors that make up U.S. merchandise trade had a trade deficit in 2021. The exception was the energy-related products sector, which reported a trade surplus of $28.2 billion in 2021, which was 7.8 percent lower than the surplus in 2020. The U.S. trade surplus in this sector was bolstered by growing exports of liquified natural gas (LNG), with the United States becoming the third-largest LNG supplier to Asia in 2021. In comparison, the electronics sector reported the largest trade deficit in 2021 ($286.2 billion), followed by transport equipment ($155.2 billion) and miscellaneous manufactures ($132.5 billion).

**U.S. Services Trade**

**Overview**

U.S. two-way cross-border services trade increased by 12.6 percent to 1.3 trillion in 2021. While this growth represents some recovery of U.S. services trade from 2020 lows, it still falls short of 2019 two-
U.S. total services exports grew 9.3 percent to $771 billion, while U.S. total services imports grew 17.6 percent to $541 billion (figure 6.6). U.S. exports and imports in each of the major services categories also experienced growth in 2021, for all categories except travel and maintenance and repair services exports. The United States maintained a trade surplus in cross-border trade in services of $230 billion in 2021.

Quarterly trade data on U.S. cross-border services exports and imports show a steady increase in trade flows over the year. In the first quarter (Q1) of 2020, the effects of the COVID-19 pandemic were limited, so U.S. exports in Q1 2021 were smaller than the previous year. However, in the second through fourth quarters of 2021, U.S. exports exceeded 2020 levels, reflecting recovery from lows experienced during the COVID-19 pandemic (figure 6.7). Similarly, U.S. imports in 2021 exceeded 2020 levels for the second through fourth quarters (figure 6.8).

government goods and services as well as private services, due to data suppression by BEA. Previous editions included private services only.  

**Figure 6.7** U.S. total services exports, quarterly (Q), 2020–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.23.


**Figure 6.8** U.S. total services imports, quarterly (Q), 2020–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.24.

U.S. Service Trade by Trading Partner

The EU as a whole was the United States’ largest trading partner in services in 2021. The UK, which has not been a member of the EU since 2020, is the second-largest U.S. trading partner, followed by Canada, Japan and Mexico (table 6.6).

Table 6.6 U.S. total services trade with top five trading partners, 2021
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK).

<table>
<thead>
<tr>
<th>Major trading partner</th>
<th>Total trade</th>
<th>U.S. total exports</th>
<th>U.S. total imports</th>
<th>Trade balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>325.1</td>
<td>192.3</td>
<td>132.8</td>
<td>59.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>122.5</td>
<td>67.1</td>
<td>55.5</td>
<td>11.6</td>
</tr>
<tr>
<td>Canada</td>
<td>85.6</td>
<td>55.0</td>
<td>30.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Japan</td>
<td>68.3</td>
<td>36.6</td>
<td>31.7</td>
<td>4.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>57.6</td>
<td>29.9</td>
<td>27.7</td>
<td>2.3</td>
</tr>
</tbody>
</table>


Note: Due to rounding and data limitations, individual trade flow figures may not add up to totals shown.

In 2021, the top markets for U.S. services exports were the EU, the UK, Canada, Japan, and China (figure 6.9). Leading sources of U.S. services imports were the EU, the UK, Japan, Canada, and India (figure 6.10).

Figure 6.9 Leading markets for U.S. total services exports, by share, 2021
In percentages. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.25.

Chapter 6: U.S. Trade in 2021

Figure 6.10 Leading markets for U.S. total services imports, by share, 2021

In percentages. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.26.


U.S. Services Trade by Product Category

The largest category of services exports in 2021 was other business services, which represented 26.8 percent of total exports. The next largest categories were financial services (21.3 percent) and the use of intellectual property (IP) not included elsewhere (n.i.e.) (16.2 percent). Between 2020 and 2021, all U.S. services categories except travel and maintenance and repair services n.i.e. experienced growth in exports. The strongest growth was in construction, transportation, and financial services (table 6.7).

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687 The category of other business services includes research and development services, legal, accounting, management consulting, managerial services, public relations, advertising, market research, architectural and engineering, waste treatment, operational leasing, and trade-related services. USDOC, BEA, U.S. International Trade in Goods and Services, January 2022; “Additional Information,” March 8, 2022.

688 The category of financial services includes financial intermediary and auxiliary services, except insurance, typically provided by banks and financial institutions. Examples of services include securities brokerage and underwriting, financial management, credit card services, securities lending, and electronic funds transfer. Charges for the use of IP n.i.e. include the use of proprietary rights like patents, trademarks, copyright and franchises, and charges for licenses to reproduce and distribute IP embodied in original products (books, software, motion pictures and sound recordings). USDOC, BEA, U.S. International Trade in Goods and Services, January 2022; “Additional Information,” March 8, 2022.

689 Construction services include services to create, renovate, repair or extend buildings, land improvements, and civil engineering projects (roads, bridges). Transportation services move people and freight from one location to another, and include both the mode of transportation (air, sea, rail, road, space, pipeline), and postal and courier services.
For travel services, the 5.6 percent decline likely reflected continued travel restrictions during the COVID-19 pandemic, as country-specific restrictions on entry into the United States were not lifted until October 2021. Growth in transportation services reflected increased maritime freight shipping costs in addition to recovery from pandemic-related lows seen in 2020.

All categories of U.S. services imports increased in 2021 relative to 2020. The largest category of U.S. services imports in 2021 was other business services (23.4 percent), followed by transportation (19.4 percent) and travel and insurance services (both 10.7 percent of total imports). Travel and transportation services imports experienced the strongest growth in 2021 relative to 2020, followed by maintenance and repair services n.i.e. and personal, cultural, and recreational services. The strong growth in personal, cultural, and recreational services likely reflects demand for audiovisual services like online streaming platforms, and online education services. While disaggregated data for 2021 are not available, from 2019 to 2020, U.S. imports of audiovisual services and online education services increased by 15.7 percent and 16.0 percent, respectively. Additionally, U.S. revenue from digital music and video-on-demand grew overall compared to 2020, with 13.0 percent increase for digital music and 16.7 increase in video-on-demand.

services, cargo handling, storage and warehousing, and other auxiliary services. USDOC, BEA, U.S. International Trade in Goods and Services, February 2022; “Additional Information,” April 5, 2022.


Personal, cultural, and recreational services include audiovisual services (production, end-user rights, and sales), artistic-related services (set, costume, and lighting, live events, fees to artists and athletes) and online education, telehealth, museums and gambling services.


### Table 6.7 U.S. total services exports, by major category, annual, 2020–21
In billions of dollars and percentage. Due to seasonal adjustment and rounding, figures may not add up to total shown. N.i.e. = not included elsewhere.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2020 (billion $)</th>
<th>2021 (billion $)</th>
<th>Absolute change 2020–21 (billion $)</th>
<th>Percentage change 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and repair services n.i.e.</td>
<td>13.3</td>
<td>12.0</td>
<td>-1.2</td>
<td>-9.3</td>
</tr>
<tr>
<td>Transport</td>
<td>56.7</td>
<td>65.0</td>
<td>8.3</td>
<td>14.7</td>
</tr>
<tr>
<td>Travel</td>
<td>72.8</td>
<td>68.8</td>
<td>-4.1</td>
<td>-5.6</td>
</tr>
<tr>
<td>Construction</td>
<td>2.3</td>
<td>2.8</td>
<td>0.4</td>
<td>19.1</td>
</tr>
<tr>
<td>Insurance services</td>
<td>20.4</td>
<td>22.7</td>
<td>2.2</td>
<td>11.0</td>
</tr>
<tr>
<td>Financial services</td>
<td>144.3</td>
<td>164.1</td>
<td>19.7</td>
<td>13.7</td>
</tr>
<tr>
<td>Charges for the use of intellectual property n.i.e.</td>
<td>113.8</td>
<td>124.8</td>
<td>11.0</td>
<td>9.7</td>
</tr>
<tr>
<td>Telecommunications, computer, and information services</td>
<td>56.7</td>
<td>58.1</td>
<td>1.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Other business services</td>
<td>183.2</td>
<td>206.5</td>
<td>23.4</td>
<td>12.8</td>
</tr>
<tr>
<td>Personal, cultural, and recreational services</td>
<td>20.4</td>
<td>23.0</td>
<td>2.5</td>
<td>12.3</td>
</tr>
<tr>
<td>Government goods and services n.i.e.</td>
<td>21.6</td>
<td>23.4</td>
<td>1.7</td>
<td>8.0</td>
</tr>
<tr>
<td>U.S. total services exports</td>
<td>705.6</td>
<td>771.2</td>
<td>65.6</td>
<td>9.3</td>
</tr>
</tbody>
</table>


### Table 6.8 U.S. total services imports, by major category, annual, 2020–21
In billions of dollars and percentage. Due to seasonal adjustment and rounding, figures may not add up to total shown. N.i.e. = not included elsewhere.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2020 (billion $)</th>
<th>2021 (billion $)</th>
<th>Absolute change 2020–21 (billion $)</th>
<th>Percentage change 2020–21 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and repair services n.i.e.</td>
<td>6.1</td>
<td>7.5</td>
<td>1.4</td>
<td>23.4</td>
</tr>
<tr>
<td>Transport</td>
<td>72.4</td>
<td>104.8</td>
<td>32.4</td>
<td>44.7</td>
</tr>
<tr>
<td>Travel</td>
<td>35.8</td>
<td>57.9</td>
<td>22.1</td>
<td>61.8</td>
</tr>
<tr>
<td>Construction</td>
<td>1.1</td>
<td>1.3</td>
<td>0.1</td>
<td>11.6</td>
</tr>
<tr>
<td>Insurance services</td>
<td>55.6</td>
<td>57.7</td>
<td>2.0</td>
<td>3.7</td>
</tr>
<tr>
<td>Financial services</td>
<td>42.3</td>
<td>45.0</td>
<td>2.7</td>
<td>6.4</td>
</tr>
<tr>
<td>Charges for the use of intellectual property n.i.e.</td>
<td>43.0</td>
<td>46.8</td>
<td>3.9</td>
<td>9.0</td>
</tr>
<tr>
<td>Telecommunications, computer, and information services</td>
<td>38.6</td>
<td>41.4</td>
<td>2.8</td>
<td>7.2</td>
</tr>
<tr>
<td>Other business services</td>
<td>117.7</td>
<td>126.8</td>
<td>9.1</td>
<td>7.7</td>
</tr>
<tr>
<td>Personal, cultural, and recreational services</td>
<td>23.2</td>
<td>27.0</td>
<td>3.8</td>
<td>16.2</td>
</tr>
<tr>
<td>Government goods and services n.i.e.</td>
<td>24.6</td>
<td>25.2</td>
<td>0.6</td>
<td>2.5</td>
</tr>
<tr>
<td>U.S. total services imports</td>
<td>460.3</td>
<td>541.2</td>
<td>80.9</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Developments with Selected Major Trading Partners

European Union

U.S.-EU Trade Overview

In 2021, the EU was the largest U.S. merchandise trading partner in total trade.\textsuperscript{695} U.S. merchandise exports to the EU grew by 17.5 percent to $271.6 billion in 2021, while U.S. merchandise imports from the EU grew by 18.2 percent to $491.3 billion in 2021, resulting in a bilateral U.S. merchandise trade deficit of $219.6 billion (figure 6.11). The top U.S. exports to the EU included aircraft engines and parts ($22.7 billion), crude petroleum ($18.6 billion), and medicaments ($9.3 billion). The top U.S. imports from the EU were medicaments ($29.9 billion), immunological products ($23.0 billion), and passenger motor vehicles with cylinder capacity between 1,500 and 3,000 cubic centimeters (cc) ($18.2 billion).\textsuperscript{696}

In 2021, the EU was also the largest U.S. services trading partner. U.S. services exports to the EU increased by 11.3 percent to $192.3 billion in 2021, while U.S. services imports from the EU grew by 19.3 percent to $132.8 billion in 2021, resulting in a bilateral U.S. services trade surplus of $59.6 billion (figure 6.12). The top three U.S. services exports to the EU were other business services ($74.9 billion), charges for IP use ($43.2 billion), and financial services ($30.8 billion). The leading services imports from the EU were other business services ($33.0 billion), transport ($29.7 billion), and charges for IP use ($19.0 billion).\textsuperscript{697}

\textsuperscript{695} The UK formally withdrew from the EU on January 31, 2020. In this report, the EU refers to the remaining 27 member countries, and EU data exclude the UK for the entire time series.

\textsuperscript{696} USITC DataWeb/Census, total exports and general imports, accessed March 30, 2022.

Figure 6.11 U.S. merchandise trade with the EU, annual, 2017–21

In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); underlying data for this figure can be found in appendix table B.17.

Major Trade Developments in 2021

This section summarizes major trade events in U.S.-EU trade relations during 2021. The United States and the EU renewed their bilateral relationship through the establishment of the U.S.-EU Trade and Technology Council and the relaunching of the U.S.-EU-Japan Trilateral partnership. Through continued U.S. engagement during 2021, the EU determined to extend a deadline on U.S. implementation of new animal product certificate requirements and made improvements in the issuing of biotechnology approvals. The two major trade partners also worked to resolve longstanding issues concerning steel and aluminum overcapacity, disputes over government subsidies to producers of large civil aircraft, and digital services taxes.

- On January 13, 2021, USTR published a status update regarding the section 301 investigation into the EU’s proposed digital services tax (DST), providing a summary of preliminary concerns. However, given that the EU had not adopted a DST as of March 25, 2021, the U.S. Trade Representative determined that it was appropriate to terminate the EU DST investigation and continue monitoring the situation.698 For more information, see chapters 2 and 4 of this report.

- On June 15, 2021, following a 17-year World Trade Organization (WTO) dispute, the United States and the EU announced a cooperative framework for large civil aircraft disputes, which included the

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mutual suspension of countermeasures related to the dispute for five years beginning on July 11, 2021.699 The joint framework also established a working group to serve as a forum for ongoing collaboration on this issue, including cooperation on nonmarket economies.700 For more information, see chapter 3.

- The Joint U.S.-EU Statement on Trade in Steel and Aluminum was released on October 31, 2021, announcing steps to (1) reestablish bilateral trade flows in these sectors; (2) create a technical working group to further assess global challenges in overcapacity and related emissions; and (3) negotiate a global arrangement to address carbon intensity.701 As part of this agreement, the United States and the EU suspended tariffs and WTO dispute proceedings related to section 232 and certain U.S. products, respectively. The agreement also established a tariff rate quota (TRQ) for U.S. imports of steel from the EU, which was based on historically traded volumes to govern future bilateral trade in these sectors.702 For more information, see chapter 2.

- On November 17, 2021, the United States, the EU, and Japan reinforced their commitments to addressing nonmarket policies and practices of third countries by agreeing to renew their trilateral relationship and hold ministerial meetings shortly thereafter.703

### Agriculture

Throughout 2021, the United States remained engaged with the EU on a range of agricultural trade issues. In December 2020, the EU updated its animal health certification requirement—covering nearly $500 million in potential U.S. exports of products of animal origin.704 Following months of bilateral discussion, the EU twice extended the implementation deadline for these new certification requirements to August 2021 and then to January 2022.705 Such extensions provided more time for relevant U.S. export verification programs to update certificate templates, and for further bilateral discussions regarding U.S. concerns.

The EU, as part of a 2008 U.S. decision to suspend WTO arbitration proceedings associated with DS291: European Communities—Measures Affecting the Approval and Marketing of Biotech Products, previously agreed to hold semiannual consultations with the United States aimed at normalizing trade in agricultural biotechnology products. However, in recent years significant delays in EU approvals of such products had remained a barrier to U.S. market access. After consultations in June and December 2021, the EU resumed regular scheduled meetings of the Standing and Appeals Committees responsible for agricultural biotechnology approvals. As a result, EU committees issued 18 product approvals and renewals in 2021, an increase from one approval in 2020.706

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705 In January 2022, the EU issued another set of changes to the requirements under the implementing regulation governing changes to its animal health certifications. It also further extended the deadline for implementation on a subset of products to June 15, 2022. USTR, 2022 National Trade Estimate Report, March 2022, 200.
**Post-Brexit TRQs**

On March 8, 2021, the United States announced the conclusion of negotiations with the UK and the EU related to the post-Brexit allocation and functioning of the EU’s existing WTO TRQs. The EU’s initial TRQ apportionment between the UK and the EU was based on pre-Brexit TRQ import quantities. The United States negotiated separately with the EU and the UK for more favorable outcomes for products such as pork, beef, rice and grape juice. By July 2021 and January 2022, the UK had implemented most of its TRQs, in accordance with traditional timeframes used to administer the UK’s various TRQs. At the time of writing, the EU TRQs were still being finalized.707

**Trade and Technology Council**

In June 2021 at the U.S.-EU Summit in Brussels, the United States and the EU announced the creation of the U.S.-EU Trade and Technology Council (TTC). The inaugural TTC ministerial meeting was held in Pittsburgh, Pennsylvania, on September 29, 2021, during which leaders from both economies outlined their major areas of focus: (1) nonmarket economy policies and practices, (2) barriers to trade in emerging technology products and services, (3) labor rights and “decent work,” (4) child and forced labor, (5) resilient and sustainable global supply chains, and (6) trade and environment. The inaugural meeting produced 10 working groups that covered a myriad of issues related to the major focus areas, as well as five annexes identifying desired outcomes on the topics of investment screening, export control cooperation, artificial intelligence, semiconductor supply chains, and global trade challenges.708

**Canada**

**U.S.-Canada Trade Overview**

In 2021, Canada was the second-largest U.S. merchandise trading partner in total trade after the EU. U.S. merchandise exports to Canada grew by 20.2 percent to $307.0 billion in 2021, while U.S. merchandise imports from Canada grew by 32.1 percent to $357.2 billion in 2021, resulting in a bilateral U.S. merchandise trade deficit of $50.2 billion (figure 6.13). The top U.S. exports to Canada included motor vehicles for transporting goods not over 5 metric tons ($8.0 billion), crude petroleum ($7.7 billion), and light petroleum oils ($7.5 billion). The top U.S. imports from Canada were crude petroleum ($76.0 billion), other coniferous wood ($10.8 billion), and passenger motor vehicles with spark-ignition internal combustion engines over 3,000 cc ($9.6 billion).709

In 2021, Canada was the third-largest U.S. services trading partner. U.S. services exports to Canada increased by 2.4 percent to $55.0 billion in 2021, while U.S. services imports from Canada grew by 4.5 percent to $30.6 billion in 2021, resulting in a bilateral U.S. services trade surplus of $24.4 billion (figure 6.14). The top three U.S. services exports to Canada were other business services ($17.6 billion), financial services ($10.8 billion), and charges for IP use ($7.7 billion). The leading services imports from

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Canada were other business services ($9.2 billion), telecommunications, computer, and information services ($5.9 billion), and transport ($5.6 billion).\footnote{710}

**Figure 6.13** U.S. merchandise trade with Canada, annual, 2017–21

In billions of dollars. Underlying data for this figure can be found in appendix table \ref{table:B.17}.

Figure 6.14 U.S. services trade with Canada, annual, 2017–21
In billions of dollars. Underlying data for this figure can be found in appendix table B.22.

Major Trade Developments in 2021

The major focus of the U.S.-Canada bilateral relationship in 2021 was the implementation of the dispute settlement and enforceable labor provisions in the USMCA.711 Other major developments included changes to Canada’s sanitary and phytosanitary measures and digital services taxes.

Agricultural Supply Management

Following concerns raised by multiple WTO members in 2019 regarding Canada’s supply-management systems used to regulate its dairy, chicken, turkey, and egg industries, the United States and Canada held USMCA Chapter 31 consultations in 2020 to discuss Canada’s allocation of dairy tariff-rate quotas (TRQs).712 After the parties failed to resolve the matter via consultations, the United States requested and established a dispute settlement panel on May 25, 2021, which was subsequently composed on July 5, 2021.713

During the October 2021 panel hearing, the United States argued that Canada reserved access to in-quota dairy quantities exclusively for Canadian processors, ultimately undermining the ability of

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711 For more information about major developments under the USMCA, see chapter 5 of this report.
712 USITC, Year in Trade 2020, September 2021, 173.
American producers to utilize the TRQs and access the Canadian market. The panel agreed with the United States, and in its final report released in December 2021, found the allocation of Canada’s dairy TRQ inconsistent with Article 3.A.2.11(b) of the USMCA not to “limit access to an allocation to processors.”

**Sanitary and Phytosanitary Measures**

Canada’s Seeds Act generally prohibits the sale or advertising for sale in Canada, or import into Canada, of any variety of seed that is not registered with Canada’s Food Inspection Agency. U.S. producers have expressed concern that the variety registration system administered by Canada’s Food Inspection Agency is “slow and cumbersome, and disadvantages U.S. seed and grain exports to Canada.” Under the USMCA, parties made commitments to discuss issues related to seed regulatory systems and in January 2021, Canada’s Food Inspection Agency announced that it would start seed regulatory modernization efforts. In March 2021, the U.S. Department of Agriculture Foreign Agricultural Service encouraged U.S. farmers, seed industries, producer groups, commodity/value chain associations, breeders, government organizations, and other special interest groups to participate in the Seed and Seed Potato Regulation Modernization Survey announced by Canada’s Food Inspection Agency.

**Solar Photovoltaic Products**

In late 2020, Canada requested USMCA Chapter 31 consultations with the United States concerning the implementation of a 2018 safeguard measure on imports of certain crystalline silicon photovoltaic cells (whether or not partially or fully assembled into other products) into the United States. Canada alleged that the safeguard implementation actions violate the USMCA’s provisions on U.S. trade remedies applied to Canadian imports, which state that safeguard measures cannot be applied to imports from Canada if those imports did not account for both a substantial share of total imports and contribute to serious injury of U.S. industry.

The United States and Canada held consultations in the matter on January 28, 2021, but they failed to resolve the dispute. Canada then requested the establishment of a USMCA Chapter 31 dispute settlement panel. In its panel request and subsequent written submissions, Canada alleged that the President’s decision in 2018 to include Canadian products in the safeguard measure was inconsistent with USMCA Articles 10.2.1, 10.2.2, 10.2.5(b), 10.3, and 2.4.2. Canada also alleged that section 312 of...

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715 On March 2, 2022, in response to the findings of the USMCA panel, Global Affairs Canada began public consultations concerning proposed changes to its USMCA dairy TRQs. On May 16, 2022, Canada published the changes as final and, having rejected these changes, the United States requested dispute settlement consultations with Canada for the second time under USMCA on May 2, 2022. TAS e-Filing, “Public Reading Room, Disputes, Dairy TRQ Allocation Measures, Docket Filing #23,” January 4, 2022; USTR, “Second USMCA Dispute on Canadian Dairy TRQs,” May 25, 2022; USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 79. For more information on the USMCA developments in 2021, see chapter 5 of this report.
716 USTR, 2022 National Trade Estimate Report, March 2022, 80.
the USMCA Implementation Act (19 U.S.C. § 4552), which provides the President with definitive authority to determine whether to exclude USMCA parties from safeguard actions, is inconsistent with Article 10.3 of the USMCA. The Panel was composed on August 3, 2021, and as of December 2021, panel proceedings were ongoing.721

**Barriers to Digital Trade and Digital Services Taxation**

In September 2021, the Province of Quebec adopted a law that amends its data protection regime.722 The law limits the data transfers outside of Quebec to jurisdictions with data protection regimes deemed equivalent to Quebec’s. Furthermore, on October 8, 2021, Canada joined the Organisation for Economic Co-operation and Development/Group of Twenty (OECD/G20) Statement on a “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy,” which called for all parties to commit not to introduce digital services taxes (DSTs).723 However, the Canadian Government published draft legislation for a unilateral DST on December 14, 2021.724 USTR has indicated that the United States is committed to monitoring the implementation of the law—which is to be phased in over the next three years—for possible inconsistencies with USMCA commitments, such as restrictions of cross-border data transfer.725

**Mexico**

**U.S.-Mexico Trade Overview**

In 2021, Mexico was the third-largest partner in total U.S. merchandise trade. U.S. merchandise exports to Mexico increased by 30.7 percent to $276.5 billion in 2021, while U.S. merchandise imports from Mexico increased by 18.3 percent to $384.7 billion in 2021, resulting in a U.S. merchandise trade deficit of $108.2 billion (figure 6.15). U.S. top exports to Mexico included light oils ($15.3 billion), petroleum oils other than crude ($12.0 billion), and natural gas ($10.6 billion). U.S. top imports from Mexico were computers ($25.3 billion), passenger motor vehicles with spark-ignition internal combustion engines between 1,500 cc (cubic centimeters) and 3,000 cc ($18.2 billion), and motor vehicles for transporting goods not over 5 metric tons ($16.7 billion).726

In 2021, Mexico was the fifth-largest partner in U.S. cross-border services trade. U.S. services exports to Mexico increased by 27.7 percent to $29.9 billion in 2021, while U.S. services imports from Mexico increased by 60.6 percent to $27.7 billion in 2021, resulting in a U.S. services trade surplus of $2.3 billion (figure 6.16). The top three U.S. services exports to Mexico were travel ($10.6 billion), other business

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722 USTR, 2022 National Trade Estimate Report, March 2022, 82.
723 USTR, 2022 National Trade Estimate Report, March 2022, 82. For more information on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), see chapter 4 of this report.
725 USTR, 2022 National Trade Estimate Report, March 2022, 82.
services ($6.0 billion), and financial services ($3.2 billion). The leading services imports from Mexico were travel ($16.8 billion), transport ($4.9 billion), and other business services ($3.2 billion).\footnote{USDOC, BEA, International Transactions, International Services, and International Investment Position Tables, table 1.3, U.S. International Transactions, Expanded by Area and Country, March 25, 2022.}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure6.15.png}
\caption{U.S. merchandise trade with Mexico, annual, 2017–21}
\label{fig:6.15}
\end{figure}

In billions of dollars. Underlying data for this figure can be found in appendix table \ref{tab:b.17}. Source: USITC DataWeb/Census, accessed February 17, 2022.
Major Trade Developments in 2021

This section summarizes major trade events in U.S.-Mexico trade relations during 2021. Although the major focus was the implementation of the USMCA (see chapter 5), another major event was the relaunching of the U.S.-Mexico High-Level Economic Dialogue (HLED) by the United States and Mexico. The HLED is described as an opportunity to build on the USMCA, institutionalize an economic relationship, and create an institutional forum where areas of disagreement can be addressed in a collaborative manner. In addition, this section discusses recent energy reforms regarding the legal treatment of state companies in Mexico’s energy sector and the potential barriers for U.S. investors in energy-related products. Further details on these two major developments are provided below.

Other major trade developments in 2021 between the United States and Mexico included:

- During 2021, the United States initiated the Rapid Response Mechanism (RRM) under the USMCA in two cases. In the first case the United States initiated the RRM seeking review of alleged denial of rights at a General Motors facility in Silao, Mexico. This marked the first self-initiated labor enforcement action by the United States under a free trade agreement. In the second case, the United States initiated the RRM in seeking review of alleged denial of rights at the Tridonex automotive parts facility in Matamoros, Mexico. The United States initiated the RRM in response to a joint petition filed by labor unions in the United States and Mexico. For more detailed discussion...

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728 USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 42.
of these disputes, see the Dispute Settlement segment in the USMCA section of chapter 5 in this report.

- In May 2021, Mexico drafted a proposal to modify an implementing measure which lists the organic products classified under the 10-digit Harmonized System (HS) statistical reporting number descriptions that would be required to show certification under Mexico’s Organic Products Law (LPO) in order to be imported as an organic product into the Mexican market. The modification extended the deadline for imported organic products listed in the implementing measure to comply with the LPO from June 2021 to January 2022. 729

**High-Level Economic Dialogue**

The U.S.-Mexico High-Level Economic Dialogue (HLED) was established in 2013 but was suspended during the Trump administration. On June 8, 2021, the governments of the United States and Mexico announced that they had agreed to hold a HLED in September—fulfilling their March 2021 commitment to revive this forum with the aim of expanding bilateral economic cooperation and collaboration. 730

According to the White House, the “HLED advances strategic economic and commercial priorities for both countries, with the shared goal of fostering economic development and growth, job creation, global competitiveness, and reduction of poverty and inequality.” 731 The proposed agenda included trade facilitation, telecommunications and interconnectivity, and supply chain resiliency. The relaunched HLED has four pillars, (1) Build Back Together, (2) Promoting Sustainable Economic and Social Development in Southern Mexico and Central America, (3) Securing the Tools for Future Prosperity, and (4) Investing in Our People. The HLED proposed agenda indicated that the United States and Mexico will build back from the impact of the global pandemic, promote inclusive trade and investment, prepare workforces for the future, and strengthen regional supply chains. 732 Further, the United States and Mexico agreed to engage with the civil society, private sector, academia, and other nongovernmental organizations to solicit contributions to the HLED. The statement notes that the HLED will foster an open dialogue that values inclusion and diverse points of view that will ensure transparency in decision-making. 733 Following the conclusion of the HLED on September 9, 2021, Ambassador Tai noted that it, “underscores the importance and breadth of the economic relationship between [the] two countries, [and that] this work is as an important complement to [the] bilateral cooperation in other areas.” 734

**Energy Reforms**

On March 9, 2021, Mexico’s President signed into law the Decree that Amends and Adds Various Provisions to the Electric Industry Law (Electricity Reform). 735 The Electricity Reform prioritizes the dispatch of electricity generated by the state-owned Federal Electricity Commission (CFE) over private

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729 USDA, FAS, *Update to Mexico LPO Compliance*, May 11, 2021. For more information on the Measure that establishes the merchandise whose importation is subject to regulation by the Secretariat of Agriculture and Rural Development, see USITC, *Year in Trade 2020*, September 2021.


options, including U.S. renewable energy companies with investments in Mexico. In response, the United States has expressed concern over the closure by Mexican authorities of numerous U.S. investor-owned fuel terminals near the border affecting fuel trade and, “continues to analyze these actions and measures for consistency with Mexico’s USMCA obligations.”

Prior to the Electricity Reform, the Electric Industry Law allowed access to the grid based on power generation costs with priority to the least expensive generated electricity. However, the Electricity Reform prioritizes the energy produced by the CFE plants, regardless of generation costs, as follows: first, energy produced by hydroelectric facilities owned by CFE; second, energy generated by other CFE generation facilities such as nuclear, geothermal, and thermoelectric; third, privately owned wind and solar energy; and finally, privately owned generators with other energy generation technologies. The CFE is the main owner and operator of hydroelectric facilities in the country, while the other CFE facilities that generate electricity are mostly fuel-based. The Electricity Reform also provides the government the ability to revoke permits for power purchase agreements between private entities and authorizes CFE to renegotiate its independent power purchase agreements with private generators. Although the Mexican Supreme Court subsequently enjoined the law for constitutional review when the Mexican Federal Economic Competition Commission (COFECE) challenged the law, a proposed constitutional amendment could supersede such review.

On September 30, 2021, the President of Mexico sent a constitutional reform proposal to Mexico’s Chamber of Deputies that would amend articles 25, 27, and 28 of the Mexican Constitution, which govern the Mexican energy sector (Reform Initiative). If passed, the Reform Initiative would transform the electricity sector in Mexico by leaving control of the sector to the state and imposing several restrictions to private investment. Although the Reform Initiative addresses Mexico’s energy and renewables sector, the initiative impacts the entire hydrocarbon sector value chain as well. The Reform Initiative would cancel all power generation permits and power purchase agreements currently in place. Further, CFE would have a constitutional right to generate at least 54 percent of Mexico’s energy, so that, at most, 46 percent will be left for private sector participation. The CFE and PEMEX, would then be considered government entities, rather than productive state companies. Mexico’s Chamber of Deputies voted against the Reform Initiative on April 17, 2022.

736 USTR, 2022 National Trade Estimate Report, March 2022, 354.
739 USTR, 2022 National Trade Estimate Report, March 2022, 354.
740 Government of Mexico, Federal Executive Initiative, October 1, 2021.
741 The legislation of 2013 amended the Mexican constitution to allow private sector participation in Mexico’s oil and gas sector; to enter into contracts, including profit-sharing, production-sharing, and license contracts, with the government, or with the state-owned petroleum company Pemex for the exploration and extraction of hydrocarbons; as well as to allow private companies to participate in Mexico’s refining, petrochemicals, transport, retail, and supply of energy products. See Government of Mexico, “Decree That Amends and Adds Various Provisions of the Political Constitution in Energy Matters,” December 20, 2013.
742 Government of Mexico, Federal Executive Initiative, October 1, 2021.
743 Government of Mexico, Chamber of Deputies, “Plenary Chamber Rejects Ruling on Energy and Access to Electricity,” April 17, 2022. On March 25, 2022, during a virtual roundtable convened by USTR, members of
Regarding the hydrocarbons industry, on May 19, 2021, the Mexican government published the Decree that reforms the Hydrocarbons Law of August 11, 2014. The Decree gives the state-owned oil company PEMEX increased control over Mexico’s fuel market and gives the government authority to revoke existing permits held by private firms when national security, energy security, or the economy are at risk. The Decree also terminated the authorities of the Energy Regulatory Commission to enforce regulation in the hydrocarbon, petroleum products, and petrochemical markets. As affected investors filed injunctions, Mexican federal courts enjoined the law for review. The U.S. Government reportedly is highly concerned about these developments and continues to monitor the situation.

**China**

**U.S.-China Trade Overview**

In 2021, China was the fourth-largest U.S. merchandise trading partner in total trade. U.S. merchandise exports to China grew by 21.4 percent to $151.1 billion in 2021, while U.S. merchandise imports from China grew by 16.5 percent to $506.4 billion in 2021, resulting in a bilateral U.S. merchandise trade deficit of $355.3 billion (figure 6.17). The top U.S. exports to China included soybeans ($14.1 billion), processors and controllers ($9.7 billion), and crude petroleum ($5.9 billion). The top U.S. imports from China were portable computers and tablets ($55.7 billion), cellphones ($48.0 billion), and wheeled and other toys ($14.6 billion).

In 2021, China was the sixth-largest U.S. services trading partner. U.S. services exports to China fell by 10.4 percent to $36.2 billion in 2021, while U.S. services imports from China grew by 33.3 percent to $20.8 billion in 2021, resulting in a bilateral U.S. services trade surplus of $15.4 billion (figure 6.18). The top three U.S. services exports to China were charges for IP use ($9.1 billion), travel ($8.4 billion), and financial services ($4.6 billion). The leading services imports from China were transport ($8.5 billion), other business services ($8.2 billion), and financial services ($1.2 billion).

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Figure 6.17 U.S. merchandise trade with China, annual, 2017–21
In billions of dollars. Underlying data for this figure can be found in appendix table B.17.


Figure 6.18 U.S. total services trade with China, annual, 2017–21
In billions of dollars. Underlying data for this figure can be found in appendix table B.22.

Note: Beginning in the Year in Trade 2020 report U.S. cross-border trade in services information includes data on U.S. exports and imports of government goods and services as well as private services, due to data suppression by BEA. Previous editions included private services only.
Major Trade Developments in 2021

This section summarizes the major trade events in the U.S.-China trade relations in 2021. During the year, two major focuses were the efforts to implement the U.S.-China “Phase One” Agreement, as well as the various measures taken by the U.S. government to prohibit the importation of goods produced by forced or convict labor in China’s Xinjiang region. Further details on these two major developments are provided below.

Other major trade developments in 2021 between the United States and China included:

- On March 10, 2021, the U.S. Trade Representative extended the tariff exclusions on about 99 categories of medical-care products from China until September 30, 2021, to support the efforts in combating the transmission of COVID-19 during the pandemic.750 On September 16, 2021, China’s Ministry of Finance announced the extension of a tariff exemption on 81 products from the United States until April 16, 2022. The products include certain kinds of shrimp, timber, microscopes, electric vehicle batteries, and medical testing equipment.751

- In early 2018, the United States imposed the solar safeguard measure to help U.S. domestic solar industry adjust to import competition, mainly due to excess solar cell and module capacity by Chinese producers in China and around the world, and complicated by China’s nonmarket practices.752 In July 2019, China requested the establishment of a WTO panel challenging the U.S. solar safeguard measure. On September 2, 2021, a WTO dispute settlement panel issued a report to WTO members rejecting all of China’s claims challenging a U.S. safeguard measure imposed in February 2018 on imports of certain solar cells and modules. On September 16, 2021, China notified the WTO Dispute Settlement Body of its decision to appeal to the WTO Appellate Body certain issues of law and legal interpretation in the panel report.753

Efforts to Implement the U.S.-China “Phase One” Agreement

On January 15, 2020, the United States and China signed an economic and trade agreement, known as the “Phase One Agreement.” This Phase One Agreement requires structural reforms and other changes to China’s economic and trade regime in the areas of (1) IP, (2) technology transfer, (3) agriculture, (4) financial services, and (5) currency and foreign exchange. It also includes commitments from China to import various U.S. goods and services in 2020 and 2021 in a total amount that exceeds China’s annual level of imports for those goods and services in 2017 by no less than $200 billion.754 According to analysis from the Peterson Institute for International Economics, from January 2020 through December 2021, China's purchases of all covered products reached about 60 percent of its commitment under the “Phase One” Agreement.755 In particular, China’s purchases of covered agricultural products, manufacturing products and energy-related products reached 77 percent, 61 percent and 47 percent,

respectively, of its commitment under the Agreement. However, China’s imports of certain U.S. products, including meat and poultry products, and corn, still exceeded 2020 levels and reached record highs in 2021. Beyond the purchase commitments discussed above, limited progress has been made in implementing the structural reforms and other changes to China’s economic and trade regime, as outlined in the Phase One Agreement. On the other hand, some Phase One commitments have reportedly resulted in changes for U.S. firms operating in China. For example, in 2021, multiple U.S. banks including Goldman Sachs and J.P. Morgan, received approval to launch wholly owned China-based securities firms as a result of the elimination of the foreign ownership cap on futures companies under the Phase One Agreement.

USTR announced in October 2021 that it will continue working to enforce the terms in the “Phase One” Agreement. In addition, USTR indicated that it would also raise broader concerns with China’s non-market policies and practices, noting that the United States continues “to have serious concerns with China that were not addressed in the Phase One deal, specifically related to its state-centered and nonmarket trade practices including Beijing’s nonmarket policies and practices that distort competition by propping up state-owned enterprises, limiting market access, and other coercive and predatory practices in trade and technology.” Furthermore, USTR stated the intention for the United States to work with allies and partners, including the G7, the U.S.-EU Summit, the Quad, the OECD, and the U.S.-EU Trade and Technology Council, to collectively promote a fair and competitive global market.

Import Ban on Products from China’s Xinjiang Region

In 2021, the U.S. government took various measures to prohibit the importation of goods produced by forced or convict labor in China’s Xinjiang region. On January 13, 2021, U.S. Customs and Border Protection issued several withhold release orders (WROs) pursuant to section 307 of the Tariff Act of 1930, according to evidence of the use of forced labor in Xinjiang, including a region-wide WRO on

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756 The statistics are calculated using Chinese import statistics. China’s purchases of covered agricultural products, manufacturing products, and energy products reached 83 percent, 59 percent and 37 percent, respectively, of its commitment under the Agreement, if calculated using U.S. export statistics. Bown, US-China Phase One Tracker, March 11, 2022.


The scope of this WRO includes not only cotton and tomatoes, but also downstream products that use such commodities as intermediary inputs.764 On July 13, 2021, the United States issued an updated Xinjiang Supply Chain Business Advisory for U.S. businesses which have supply chains and investment links to China’s Xinjiang region.765 The advisory highlights information “related to widespread, state-sponsored forced labor and intrusive surveillance in and related to Xinjiang,” in particular “forced labor in the Xinjiang silicon and polysilicon supply chain and the prevalence of inputs sourced from Xinjiang.”766 The advisory also summarizes actions taken by the U.S. government to counter the use of forced labor in China’s Xinjiang region, as well as to prohibit the importation of goods produced in whole or in part with forced or convict labor.767 On December 23, 2021, President Biden signed into law the “Uyghur Forced Labor Prevention Act.”768 The Act aims to “prevent goods made with forced labor in Xinjiang from entering U.S. markets and to further promote accountability for persons and entities responsible for these abuses.”769 In particular, the Act establishes a rebuttal presumption that “all goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of China, or by persons working with the Xinjiang Uyghur Autonomous Region government for purposes of the ‘poverty alleviation’ program or the ‘pairing-assistance’ program” would be considered as produced with forced labor and therefore prohibited from entering the United States under section 307 of the Tariff Act of 1930.770

Japan

U.S.-Japan Trade Overview

In 2021, Japan was the fifth-largest U.S. merchandise trading partner in total trade. U.S. merchandise exports to Japan rose 17.6 percent from 2020 to $75.0 billion in 2021, while U.S. merchandise imports from Japan rose by 13.1 percent to $135.1 billion in 2021, resulting in a $60.2 billion trade deficit (figure 6.19). The leading U.S. exports to Japan in 2021 were liquified propane ($6.1 billion), aircraft and aircraft engines and parts ($3.2 billion), and corn ($3.2 billion). The leading U.S. imports from Japan in 2021 were passenger motor vehicles with cylinder capacity between 1,500 and 3,000 cc ($18.2 billion), passenger motor vehicles with cylinder capacity greater than 3,000 cc ($8.6 billion), and hybrid passenger motor vehicles ($3.8 billion).771
In 2021, Japan was the fourth-largest trading partner in U.S. cross-border services trade. Levels of U.S. services exports to Japan as well as services imports from Japan were relatively constant from 2020 to 2021. Exports to Japan fell by 3.2 percent to $36.6 billion, and imports from Japan rose by 2.6 percent to $31.7 billion in 2021 (figure 6.20). The resulting trade surplus fell 29.1 percent to $4.9 billion. The top U.S. services exports to Japan in 2021 were other business services ($9.4 billion), charges for IP use ($5.9 billion), and financial services ($5.5 billion). The leading services imports from Japan in 2021 were transport ($9.2 billion), charges for IP use ($8.4 billion), and government goods and services ($5.0 billion).

**Figure 6.19** U.S. merchandise trade with Japan, annual, 2017-21

In billions of dollars. Underlying data for this figure can be found in appendix table B.17.


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Major Trade Developments in 2021

This section summarizes the major trade events in U.S.-Japan trade relations in 2021. There were several ministerial-level engagements throughout the year that addressed cooperation on multilateral and bilateral issues. These engagements culminated in the launch of the U.S.-Japan Partnership on Trade and renewal of a Trilateral partnership with the EU in November. There were several agriculture-related developments in 2021, including consultations following the trigger of the beef safeguard under the U.S.-Japan Trade Agreement (USJTA).

Other significant trade developments between the United States and Japan in 2021 include:

- In November, the United States and Japan began consultations to address global steel and aluminum capacity, including impacts of nonmarket excess capacity.\(^{773}\) At yearend 2021, consultations were still ongoing.\(^{774}\)
- In 2021 there were improvements in market access for some U.S. agricultural products. In April 2021, Japan lifted a mandatory aflatoxin inspection requirement for imports of U.S. walnuts for the first time since it was implemented in 2004.\(^{775}\) In August 2021, Japan

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\(^{775}\) USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 147.
Year in Trade, 2021

granted market access for imported U.S. Japanese plums; previously market access was limited to the European plum.776

The following sections discuss other major trade developments in greater detail, including agricultural issues and multilateral cooperation.

Agriculture under the U.S.-Japan Trade Agreement

The U.S.-Japan Trade Agreement (USJTA), which entered into force on January 1, 2020, gives expanded market access for U.S. agricultural products in Japan.777 This expanded market access covers over 90 percent of U.S. food and agricultural products imported by Japan. Provisions provide preferential access for these products through either immediate elimination of tariffs, staged tariff eliminations, reduction on import mark-ups, reduced tariffs, or a country-specific quota. The agreement also specifies limited use of safeguard actions by Japan.778

Japan is a top market for U.S. beef exports. Under the USJTA, the Japanese tariff on imports of fresh, chilled, and frozen beef from the United States will be reduced from 38.5 percent to 9 percent over 15 years, which is equivalent to the tariff treatment under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Under the USJTA, a safeguard allows Japan to temporarily increase tariffs if imports surpass a specific trigger level that increases annually.779 Japan announced that U.S. beef imports exceeded the safeguard trigger level on March 10, 2021, and temporarily increased tariffs levels for a 30-day period.780 The trigger also led to consultations between the two countries throughout 2021.781

The USJTA includes nine TRQs for select U.S. agricultural products that provide duty-free or reduced-duty market access.782 The nine products are: wheat; wheat products; malt, roasted; malt, not roasted; processed cheese; whey; glucose and fructose; corn and potato starch; and inulin.783 Many of these

776 Japanese plums (Prunus salicina) and European plums (Prunus domestica) are different species of plums. U.S. European plums were granted access to the Japanese market in 2001. USDA, FAS, Japan Grants Market Access for US Japanese Plums, August 20, 2021.
777 Proclamation No. 9974, December 26, 2019.
779 The safeguard volume is measured by Japan fiscal year, which runs April 1–March 31. Triggering the safeguard leads to a temporary increase in tariffs, where the duration depends on the date the safeguard level was passed.
780 The safeguard level established in Year 2 of the USJTA was 242,000 metric tons (MT). On March 17, 2021, Japan Customs announced that Japan’s imports of U.S. beef from April 1, 2020 to March 10, 2021 exceeded the safeguard level by reaching 242,229 MT and triggered a temporary increase in the tariff from 25.8 percent to 38.5 percent. USDA, FAS, Tariffs on US Beef Rise as USJTA Safeguard Triggers, by Aki Imaizumi, March 16, 2021.
781 The United States and Japan reached an agreement to a new three-trigger safeguard mechanism under the USJTA on March 25, 2022. USDA, FAS, “U.S., Japan Reach Deal on Beef Tariff Safeguard,” March 24, 2022.
782 TRQs provide duty-free access for: glucose and fructose; wheat; mixes, doughs, and cake mixes; malt, not roasted; malt, roasted; corn and potato starch; and inulin. Wheat is subject a price mark-up and some starches face a 25 percent tariff depending on use. TRQs currently provide reduced duty access for whey and processed cheese. In-quota imports of whey will be duty free in year 5 of the USJTA and in-quota imports of processed cheese will enter duty free in year 10. United States-Japan Trade Agreement, Annex I, October 7, 2019.
783 Wheat products include mixes, doughs, and cake mixes. Inulin is a type of dietary fiber used as an ingredient in processed foods.
TRQs were not fully utilized during the first two years of the USJTA.784 In Japanese fiscal year (JFY) 2020 and the first half of JFY 2021, there were no in-quota imports of malt, processed cheese, or inulin; only 4 percent of the starch quota was allocated in 2021.785 Allocations for the wheat products, whey, and glucose and fructose quotas ranged from 17 to 39 percent in 2020, and from 22 to 39 percent in JFY2021.786 In both years, the majority of imports of these products were out of quota. Only the wheat quota filled in 2020, and substantial out-of-quota imports comprised 95 percent of total Japanese imports of U.S. wheat in JFY2020.787 Wheat quota allocation in 2021 is lower than in first half of JFY2020 and in-quota imports comprise 3 percent of total wheat imports from the United States.788

**Cooperation on Multilateral Issues**

On November 17, 2021, USTR announced the launch of the U.S.-Japan Partnership on Trade (Partnership).789 The Partnership provides avenues for cooperation among USTR and the Japanese Ministries of Foreign Affairs, and of Economy, Trade and Industry, providing a framework to discuss trade issues, including an economic framework for the Indo-Pacific region.790 The initial areas of discussion include: third-country concerns; cooperation in multilateral trade fora; labor; environment; trade facilitation; and the digital ecosystem. The first round of meetings under the partnership took place on February 28, 2022.791

The United States and Japan discussed cooperation on a variety of issues through a series of ministerial-level meetings in March and November 2021.792 Japan appointed new cabinet members in the fall of 2021, following designation of a new prime minister in October 2021. Issues discussed include:

- Unfair trading practices from nonmarket economies;
- Digital trade, including plurilateral efforts at the Asia-Pacific Economic Cooperation (APEC) and the WTO;
- Regional initiatives, including support of APEC and OECD, and priorities in the Indo-Pacific region including labor, environment, and resilient supply chains; and

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784 The fill rate is the in-quota imported volume divided by the total TRQ volume. In-quota imports are the volume of products imports with the in-quota tariff applied. USDA, FAS, *USJTA TRQs Underutilized in First Half of JFY 2021*, December 21, 2021.


• Bilateral issues, including the USJTA beef safeguard and steel.\textsuperscript{793} The discussions of nonmarket practices continued in November through the U.S.-Japan-E.U. Trilateral partnership, which met for the sixth time since 2018.\textsuperscript{794} The talks focused on identifying issues arising from nonmarket practices, gaps in enforcement tools and cooperation in using existing tools, and areas where rules can be developed to address nonmarket practices.\textsuperscript{795}

\section*{United Kingdom}

\subsection*{U.S.-UK Trade Overview}

In 2021, the UK was the seventh-largest U.S. merchandise trading partner in total trade. U.S. merchandise exports to the UK grew by 5.2 percent to $61.5 billion in 2021, while U.S. merchandise imports from the UK grew by 12.1 percent to $56.4 billion in 2021, resulting in a bilateral U.S. merchandise trade surplus of $5.1 billion (figure 6.21). The top U.S. exports to the UK included gold ($8.6 billion), aircraft and aircraft engines and parts ($5.5 billion), and crude petroleum ($5.3 billion). The top U.S. imports from the UK were medicaments ($2.9 billion), passenger motor vehicles with cylinder capacity over 3,000 cc ($2.8 billion), and aircraft and helicopter parts ($1.9 billion).\textsuperscript{796}

In 2021, the UK was the second-largest U.S. services trading partner. U.S. services exports to the UK grew by 7.0 percent to $67.1 billion in 2021, while U.S. services imports from the UK grew by 5.7 percent to $55.5 billion in 2021, resulting in a bilateral U.S. services trade surplus of $11.6 billion (figure 6.22). The top three U.S. services exports to the UK were financial services ($22.3 billion), other business services ($17.2 billion), and telecommunications, computer, and information services ($5.9 billion). The leading services imports from the UK were other business services ($16.2 billion), financial services ($14.1 billion), and insurance services ($5.6 billion).\textsuperscript{797}

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{793} USTR, \textit{2022 Trade Policy Agenda and 2021 Annual Report}, March 2022, 52.
\item \textsuperscript{795} The previous meeting of the Trilateral partnership focused on industrial subsidies, particularly prohibited subsidies in Article 3.1 of the WTO Agreement on Subsidies and Countervailing Measures. See USITC, \textit{Year in Trade 2020}, September 2021.
\item \textsuperscript{796} USITC DataWeb/Census, total exports and general imports, accessed March 30, 2022.
\end{itemize}
\end{footnotesize}
Figure 6.21 U.S. merchandise trade with the UK, annual, 2017–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.17.


Figure 6.22 U.S. total services trade with the UK, annual, 2017–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.22.


Note: Beginning in the Year in Trade 2020 report U.S. cross-border trade in services information includes data on U.S. exports and imports of government goods and services as well as private services, due to data suppression by BEA. Previous editions included private services only.
Major Trade Developments

This section summarizes major trade events in U.S.-UK trade relations during 2021. The ongoing transition of the UK’s withdrawal from the EU (“Brexit”) remained a major factor of U.S.-UK trade engagement in 2021, as the two countries worked to establish new TRQ arrangements and held inaugural meetings under post-Brexit agreements. With the end of the Brexit transition period on December 31, 2020, multiple new trade procedures concerning border inspections, customs requirements, and geographical indications came into effect on January 1, 2021. The two major trade partners also worked to resolve longstanding issues concerning disputes over government subsidies to producers of large civil aircrafts and digital services taxes (DST).

- On March 4, 2021, the United States and the UK (and the United States and the EU), issued joint statements promoting the resolution of a longstanding WTO dispute on large civilian aircraft and announcing a four-month suspension of tariffs related to the disputes.\(^{798}\) On June 15 and 17, 2021, the United States, the UK, and the EU reached understandings on cooperative frameworks regarding the dispute, which included the mutual suspension of countermeasures related to the dispute for five years beginning on July 4, 2021.\(^{799}\) The joint framework also established a working group to serve as a forum for ongoing collaboration on this issue, including cooperation on nonmarket economies.\(^{800}\) For more information, see chapter 3 in this report.

- In October 2021, USTR announced the termination of the section 301 investigation into the UK’s DST. This investigation was initiated after the UK adopted its DST in July 2020 and had previously been suspended. This decision followed the UK’s participation in a political agreement to address DST challenges under Pillar 1 of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). On October 21, 2022, the U.S. Treasury released a joint statement with five countries, including the UK, on a transitional approach to those countries’ DSTs prior to entry into force of Pillar 1.\(^{801}\) For more information, see chapters 2 and 4.

Post-Brexit Trade Standards and Policies

Throughout 2021, the United States and the UK worked to establish aspects of their bilateral trade relationship independent of the EU, especially concerning TRQ arrangements and agreements previously covered under the U.S.-EU trading relationship. Furthermore, the Brexit transition period ended on December 31, 2020, making January 1, 2021, the effective date for a multitude of independent UK trade policies and procedures, concerning border inspections and customs requirements and the UK scheme for geographical indications.

On March 8, 2021, the United States announced the conclusion of negotiations related to the post-Brexit allocation and functioning of the EU’s existing WTO TRQs. The negotiated TRQ arrangements resulted in what USTR considered to be favorable outcomes on U.S. market access for U.S. products including pork, beef, rice, wheat, corn, and grape juice, and were memorialized in a Memorandum of

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801 USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 73.
Understanding in the form of an exchange of letters between the two governments signed June 30–July 1, 2021. By July 2021 and January 2022, the UK had implemented most of its TRQs.  

The Bilateral Agreement between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance, which replaced an equivalent U.S.-EU agreement, entered into force on December 31, 2020. Its provisions aim to ensure the benefits of the U.S.-EU agreement continue to be afforded to U.S. companies operating in the UK or assuming business from UK ceding insurers. The first U.S.-UK Joint Committee Meeting under the Bilateral Agreement was held on March 30, 2021, during which participants discussed implementation issues including the removal of collateral and local presence requirements for reinsurers and the provisions on group supervision measures.

Beginning on January 1, 2021, the UK was officially operating an external border with the EU. However, in the subsequent months the UK repeatedly delayed the phased introduction of new border controls for the movement of goods across this border. In the interim, traders importing standard goods were required to follow basic customs rules, including proof of origin and sufficient record keeping, and were given up to six months to complete standard customs declarations for controlled and excise goods. The requirements for animal and plant products, including those related to specified locations for border inspection and prenotification, were similarly delayed to July 1, 2022. In the meantime, physical checks of safety and security declarations continued to take place at the point of destination rather than at Great Britain Border Control Posts.

The UK set up its own geographical indications (GI) scheme on January 1, 2021, limiting the use of specific geographical names for food, drink, and agricultural products including beer, cider, and perry, spirit drinks, wine, and aromatized wine. Producers of all countries, including the UK and United States, must apply to the UK scheme to secure protection of exclusive geographical product names. As with the EU GI scheme, the UK scheme has the potential to affect prior trademark rights and market access for U.S. goods that rely on the use of common names.

The U.S.-UK Mutual Recognition Agreement Sectoral Annex for Pharmaceutical Good Manufacturing Practices, which generally contains the conditions under which each country will accept conformity assessment results from the other, entered into force on January 1, 2021. Although it initially covered pharmaceuticals intended only for human use, the U.S. Food and Drug Administration and the UK’s Veterinary Medicines Directorate on September 27, 2021, announced a decision to expand the scope to include animal drugs as well. This expansion in scope is intended to produce greater efficiencies for both U.S. and UK regulatory systems by utilizing each other’s inspection reports and avoiding information duplication.

805 USTR, 2022 National Trade Estimate Report, March 2022, 520.
806 USTR, 2022 National Trade Estimate Report, March 2022, 521.
India

U.S.-India Trade Overview

In 2021, India was the United States’ ninth-largest trading partner in merchandise trade, rising from the 10th place in 2020. U.S. merchandise exports to India rose by 48.2 percent to $40.1 billion in 2021, while U.S. merchandise imports from India rose by 43.1 percent to $73.3 billion in 2021, resulting in a bilateral U.S. merchandise trade deficit of $33.1 billion (figure 6.23). U.S. top exports to India included crude petroleum ($9.5 billion), nonindustrial diamonds ($5.3 billion), and liquified natural gas ($1.4 billion). The top U.S. imports from India were nonindustrial diamonds ($10.8 billion), medicaments ($7.4 billion), and precious metal jewelry other than silver ($3.2 billion).808

In 2021, India was the United States’ seventh-largest partner in cross-border services trade. U.S. services exports to India rose by 2.1 percent to $16.7 billion in 2021, while U.S. services imports from India rose by 12.0 percent to $29.0 billion in 2021, resulting in a bilateral U.S. services trade deficit of $12.3 billion (figure 6.24). The top U.S. services exports to India were travel ($5.4 billion), charges for IP use ($2.7 billion), and other business services ($2.4 billion). The leading U.S. services imports from India were other business services ($12.5 billion), telecommunications, computer, and information services ($12.1 billion), and charges for IP use ($1.6 billion).809

Figure 6.23 U.S. merchandise trade with the India, annual, 2017–21

In billions of dollars. Underlying data for this figure can be found in appendix table B.17.

Major Trade Developments in 2021

In 2021, there were several significant events in U.S.-India trade relations. Among the important developments were joint U.S.-India work on climate change and the environment, updates in the barriers to digital trade and e-commerce, and changes in the technical barriers to trade. In addition to these major developments described below, the two countries in 2021 successfully relaunched the U.S.-India Trade Policy Forum (TPF) and its four working groups on agriculture, non-agriculture goods, services and investment, and IP.810 The TPF serves as the principal bilateral forum for discussing issues related to trade, investment, labor, and the environment.811 In November 2021—at the first ministerial-level TPF meeting since 2017—senior government representatives of each country committed to finalizing work on market access facilitation for various agriculture products, among other issues.812

Climate Change and the Environment

During discussions between President Biden and Indian Prime Minister Narendra Modi on February 8, 2021, the two identified addressing climate change as one of their top priorities and agreed to renew their respective countries’ partnership on climate change. This joint affirmation was further developed through the launch of the U.S.-India Climate and Clean Energy Agenda 2030 Partnership, which occurred at the Leaders’ Summit on Climate on April 22–23, 2021. The partnership, which is comprised of two tracks, commits to bilateral action in the current decade to meet the Paris Agreement goals. One track focuses on the Strategic Clean Energy Partnership, and the other focuses on the Climate Action and Finance Mobilization Dialogue. The Strategic Clean Energy Partnership was launched in September, with responsible oil and gas, power and energy efficiency, renewable energy, and sustainable growth as pillars of the Partnership. The Climate Action and Finance Mobilization Dialogue was also launched in September, and has climate action, finance mobilization, adaptation and resilience, and forestry as its pillars.

Digital Services Tax

In 2017, India began to implement a 6 percent withholding tax on advertising platforms not established in India. The digital services tax (DST), termed an “equalization levy” by the Indian government, was established with the purported objective of “leveling the playing field” between resident and nonresident service suppliers. In March 2020, the Indian government announced an added two percent equalization levy on foreign e-commerce and digital services providers. After determining that this DST is unreasonable or discriminatory under section 301 of the Trade Act, the U.S. Trade Representative determined to take action on June 2, 2021, in the form of additional duties on certain products of India.

On October 8, 2021, India joined the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, a two-pillar solution to address tax issues arising from the digitalization of the global economy. Pillar One of this framework includes a commitment to remove existing DSTs and related similar measures, in favor of a unified and harmonized approach across all participating member countries. Furthermore, in November 2021, the United States and India reached a political agreement to transition from the Indian DST to a multilateral solution that “will provide for a tax framework that is fairer, more stable, and more certain for our businesses.”

822 USTR, 2022 Trade Policy Agenda and 2021 Annual Report, March 2022, 70. For more information on the OECD/G20 Inclusive Framework on BEPS, see chapter 4 of this report.
and better equipped to meet the needs of a 21st century global economy.”823 This multilateral solution was agreed upon by 137 countries under the OECD-G20 Inclusive Framework, and will be implemented in 2023.824 As a result of these agreements, the U.S. Trade Representative determined to terminate the section 301 action taken in the investigation of India’s DST, as of November 28, 2021.825

**Technical Barriers to Trade**

Two of the major technical barriers to trade are quality control orders (QCOs) and registration requirements.

**Quality Control Orders**

In March 2021, the United States notified to the WTO its concerns over India’s QCO on polyethylene, the most commonly used plastic material.826 The current QCO is unique to India and requires manufacturers to use a designation code, detailing technical information about the product, to label individual packages of polyethylene. The implementation date of the QCO was postponed until April 15, 2022.827

Implementation of 2020 QCO on toys had been postponed until January 1, 2021.828 While some inspections of domestic Indian factories began in 2021, U.S. toy manufacturers’ ability to comply with the QCO was hampered by a backlog of factory audits due to travel bans associated with the COVID-19 pandemic. Until audits are conducted, and toys remain unable to be certified as fulfilling the QCO, the U.S. toy manufacturers will be unable to export to India.829

**Registration Requirements**

Certification requirements of organic products have also proven problematic for U.S. exporters. In 2020, the Food Safety and Standards Authority of India detained at port two U.S. organic shipments. While the Indian government’s Agricultural and Processed Food Products Export Development Authority (APEDA) had previously approved import of U.S. organic shipments, the organization stated that shipments could not be marked as organic without an equivalency agreement between APEDA and U.S. Department of Agriculture National Organic Program (USDA-NOP).830 In January 2021, USDA-NOP ended its organic recognition agreement with APEDA.831 USDA-NOP cited an outstanding need for more active oversight presence in India to ensure the integrity of organic products sold to the U.S. market.832 USDA-NOP’s

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827 USTR, 2022 National Trade Estimate Report, March 2022, 249.
829 USTR, 2022 National Trade Estimate Report, March 2022, 249.
830 USTR, 2022 National Trade Estimate Report, March 2022, 250.
January decision started an 18-month transition period for APEDA-accredited certified Indian organic operations to become directly certified by USDA-accredited certifiers.\footnote{USDA, AMS, “International Trade Policies: India, Updated: April 18, 2021,” accessed April 20, 2022.}


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Appendix A
Preparation of U.S. Trade Data for Special Import Preference Programs
Generally, U.S. importers pay the normal-trade-relations (NTR) rate of duty for imported goods, except in instances where Congress approved unilateral preference programs, or bilateral or multilateral free trade agreements (FTAs). Duty preference programs and FTAs are typically identified at the time of importation by U.S. importers using Special Program Indicator (SPI) symbols per General Note 3(c) of the Harmonized Tariff Schedule of the United States (HTS). For example, U.S. importers claiming duty preferences under the Caribbean Basin Economic Recovery Act (CBERA) would use the SPI code "E" or "E***" to designate a claim for CBERA duty preferences on entry summary documentation for U.S. Customs and Border Protection, which in turn then becomes part of official U.S. import statistics published by the U.S. Census Bureau.

When the Caribbean Basin Trade Partnership Act (CBTPA) was implemented, providing additional benefits to all Caribbean Basin Initiative (CBI) countries (including, but not limited to, Haiti), additional preferences specific to textiles and apparel were not identified via an SPI but rather through the use of Chapter 98 HTS subheadings, which require importers to specify exactly on which legal basis the textile or apparel goods qualify for the duty-free treatment under CBTPA. This approach was also used for additional Haiti-specific preferences within CBERA through the implementation of the Haiti HOPE, HOPE II, and HELP Acts. However, in the public U.S. Census Bureau data made available by the Commission via DataWeb, imports that received the Haiti-specific CBERA benefits (unlike the CBTPA preferences) are not separately reported as receiving special duty preferences. Rather, the data for HOPE/ HOPE II/HELP textile and apparel goods are erroneously labeled as "No special import program claimed" since there is no SPI for the Haiti-specific CBERA preferences.

Although imports of textile and apparel goods benefitting from trade preferences under the Haiti HOPE, HOPE II, or HELP Acts are not flagged as part of CBERA/CBTPA under the special import program field in official U.S. import statistics, such goods may still be tracked by the use of a rate provision code filter in combination with a special programs filter. Rate provisions codes are a separate field within official U.S. import statistics that track and bucket imports based on what duty rates, if any, were applied. The data in this report measure the Haiti-specific tariff provisions granted under CBERA through the Haiti HOPE, HOPE II, and HELP Acts as the combination of (1) imports with country of origin Haiti, (2) imports coded as “no special import program claimed” within the special programs field (SPI code "00"), (3) imports coded as “free special duty programs” (rate provision code "18") within the rate provision code field, and (4) limiting the imports to the goods entered under the specific HTS chapters or HTS subheadings specified by the Chapter 98 provisions specific to Haiti HOPE/ HOPE II/HELP Acts under CBERA (listed below).

- Textile luggage (all products under HTS subheadings 4202.12, 4202.22, 4202.32, 4202.92)
- Apparel (all products within HTS chapters 61 and 62)
- Certain home goods (select products reported in HTS chapters 56, 57, 58, 63, 64, and 94)

Data identified as described above for the "missing" Haiti-specific CBERA preferences must then be added to the other CBERA data identified using the special import programs filter to arrive at the total merchandise that benefitted from trade preferences under CBERA.
Appendix B
Tables for Figures
### Table B.1 U.S. goods and services trade balance, annual, 2007–21
In millions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure ES.1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance on goods</th>
<th>Balance on services</th>
<th>Net balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>−790,991</td>
<td>110,200</td>
<td>−680,791</td>
</tr>
<tr>
<td>2008</td>
<td>−800,006</td>
<td>120,141</td>
<td>−679,865</td>
</tr>
<tr>
<td>2009</td>
<td>−500,944</td>
<td>114,923</td>
<td>−386,021</td>
</tr>
<tr>
<td>2010</td>
<td>−635,362</td>
<td>145,585</td>
<td>−489,777</td>
</tr>
<tr>
<td>2011</td>
<td>−725,447</td>
<td>186,477</td>
<td>−538,970</td>
</tr>
<tr>
<td>2012</td>
<td>−730,446</td>
<td>215,213</td>
<td>−515,233</td>
</tr>
<tr>
<td>2013</td>
<td>−689,470</td>
<td>253,677</td>
<td>−435,793</td>
</tr>
<tr>
<td>2014</td>
<td>−734,482</td>
<td>265,965</td>
<td>−468,517</td>
</tr>
<tr>
<td>2015</td>
<td>−745,483</td>
<td>270,447</td>
<td>−475,036</td>
</tr>
<tr>
<td>2016</td>
<td>−792,396</td>
<td>286,603</td>
<td>−505,793</td>
</tr>
<tr>
<td>2017</td>
<td>−870,358</td>
<td>297,799</td>
<td>−572,559</td>
</tr>
<tr>
<td>2018</td>
<td>−850,917</td>
<td>285,174</td>
<td>−565,743</td>
</tr>
<tr>
<td>2019</td>
<td>−911,056</td>
<td>245,342</td>
<td>−665,714</td>
</tr>
<tr>
<td>2020</td>
<td>−1,078,933</td>
<td>230,000</td>
<td>−848,933</td>
</tr>
</tbody>
</table>

Source: USITC DataWeb/Census, accessed February 17, 2022; USDOC, BEA, International Transactions, International Services, and International Investment Position Tables, table 2.2; U.S. Trade in Services, by Type of Service and by Country or Affiliation, March 25, 2022.

### Table B.2 U.S. total merchandise trade with selected major trading partners, 2021
In millions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure ES.2.

<table>
<thead>
<tr>
<th>Trade flow</th>
<th>EU</th>
<th>China</th>
<th>Mexico</th>
<th>Canada</th>
<th>Japan</th>
<th>UK</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merchandise exports</td>
<td>271,614</td>
<td>151,065</td>
<td>276,459</td>
<td>307,001</td>
<td>74,970</td>
<td>61,463</td>
<td>40,130</td>
</tr>
<tr>
<td>Merchandise imports</td>
<td>491,256</td>
<td>506,367</td>
<td>384,705</td>
<td>357,160</td>
<td>135,133</td>
<td>56,369</td>
<td>73,261</td>
</tr>
</tbody>
</table>


### Table B.3 U.S. total services trade with selected major trading partners, 2021
In millions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure ES.3.

<table>
<thead>
<tr>
<th>Trade flow</th>
<th>EU</th>
<th>China</th>
<th>Mexico</th>
<th>Canada</th>
<th>Japan</th>
<th>UK</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total services exports</td>
<td>192,326</td>
<td>36,179</td>
<td>29,935</td>
<td>54,982</td>
<td>36,595</td>
<td>67,052</td>
<td>16,720</td>
</tr>
<tr>
<td>Total services imports</td>
<td>132,765</td>
<td>20,807</td>
<td>27,652</td>
<td>30,590</td>
<td>31,662</td>
<td>55,488</td>
<td>28,989</td>
</tr>
</tbody>
</table>


### Table B.4 Change in real GDP of the world and selected major economies, 2019–21
Change in percent. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.1.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>−0.2</td>
<td>−4.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Canada</td>
<td>1.9</td>
<td>−5.2</td>
<td>4.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>−0.2</td>
<td>−8.2</td>
<td>4.8</td>
</tr>
<tr>
<td>EU</td>
<td>2.0</td>
<td>−5.9</td>
<td>5.4</td>
</tr>
<tr>
<td>United States</td>
<td>2.3</td>
<td>−3.4</td>
<td>5.7</td>
</tr>
<tr>
<td>World</td>
<td>2.9</td>
<td>−3.1</td>
<td>6.1</td>
</tr>
<tr>
<td>UK</td>
<td>1.7</td>
<td>−9.3</td>
<td>7.4</td>
</tr>
<tr>
<td>China</td>
<td>6.0</td>
<td>2.2</td>
<td>8.1</td>
</tr>
<tr>
<td>India</td>
<td>3.7</td>
<td>−6.6</td>
<td>8.9</td>
</tr>
</tbody>
</table>

### Table B.5 Manufacturing output growth for the United States and selected major trading partners, annual, 2019–21

In percentages. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.2.

<table>
<thead>
<tr>
<th>Country</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>6.2</td>
<td>0.8</td>
<td>12.3</td>
</tr>
<tr>
<td>EU average</td>
<td>1.5</td>
<td>−5.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>0.2</td>
<td>−9.8</td>
<td>8.7</td>
</tr>
<tr>
<td>UK</td>
<td>3.1</td>
<td>−9.0</td>
<td>6.9</td>
</tr>
<tr>
<td>United States</td>
<td>−1.9</td>
<td>−6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Japan</td>
<td>−2.7</td>
<td>−10.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Canada</td>
<td>−0.1</td>
<td>−9.7</td>
<td>4.5</td>
</tr>
</tbody>
</table>


Note: EU average represents a simple unweighted average manufacturing output growth across 27 member countries.

### Table B.6 Percentage change in global manufacturing output, by ISIC industry, annual, 2020–21

In percentages. ISIC = the International Standard Industrial Classification; n.e.c. = not elsewhere classified; corresponds to figure 1.3.

<table>
<thead>
<tr>
<th>ISIC Code</th>
<th>Sector description</th>
<th>Percentage change in 2019–20</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>Electrical equipment</td>
<td>13.8</td>
</tr>
<tr>
<td>29</td>
<td>Motor vehicles/trailers</td>
<td>13.0</td>
</tr>
<tr>
<td>32</td>
<td>Other manufacturing</td>
<td>10.9</td>
</tr>
<tr>
<td>23</td>
<td>Non-metallic mineral products</td>
<td>10.8</td>
</tr>
<tr>
<td>22</td>
<td>Rubber and plastics</td>
<td>10.5</td>
</tr>
<tr>
<td>24</td>
<td>Basic metals</td>
<td>10.3</td>
</tr>
<tr>
<td>31</td>
<td>Furniture</td>
<td>10.2</td>
</tr>
<tr>
<td>25</td>
<td>Fabricated metal products</td>
<td>9.7</td>
</tr>
<tr>
<td>30</td>
<td>Other transport equipment</td>
<td>9.6</td>
</tr>
<tr>
<td>16</td>
<td>Wood products</td>
<td>9.6</td>
</tr>
<tr>
<td>26</td>
<td>Computer, electronic, optical</td>
<td>9.4</td>
</tr>
<tr>
<td>13</td>
<td>Textiles</td>
<td>9.0</td>
</tr>
<tr>
<td>E</td>
<td>Water supply, waste management</td>
<td>8.9</td>
</tr>
<tr>
<td>14</td>
<td>Wearing apparel</td>
<td>8.9</td>
</tr>
<tr>
<td>17</td>
<td>Paper and paper products</td>
<td>8.1</td>
</tr>
<tr>
<td>C</td>
<td>Total manufacturing</td>
<td>8.0</td>
</tr>
<tr>
<td>11</td>
<td>Beverages</td>
<td>7.7</td>
</tr>
<tr>
<td>18</td>
<td>Printing and media reproduction</td>
<td>7.3</td>
</tr>
<tr>
<td>19</td>
<td>Coke/refined petroleum prod</td>
<td>6.8</td>
</tr>
<tr>
<td>15</td>
<td>Leather and related products</td>
<td>6.8</td>
</tr>
<tr>
<td>B</td>
<td>Mining and quarrying</td>
<td>5.6</td>
</tr>
<tr>
<td>D</td>
<td>Electricity, gas, steam, AC</td>
<td>5.3</td>
</tr>
<tr>
<td>33</td>
<td>Repair/installation of machinery</td>
<td>5.1</td>
</tr>
<tr>
<td>20</td>
<td>Chemicals and chemical products</td>
<td>4.7</td>
</tr>
<tr>
<td>10</td>
<td>Food products</td>
<td>3.8</td>
</tr>
<tr>
<td>21</td>
<td>Pharmaceuticals, etc.</td>
<td>2.7</td>
</tr>
<tr>
<td>12</td>
<td>Tobacco products</td>
<td>2.4</td>
</tr>
</tbody>
</table>

### Table B.7 Change in hours worked by country and world relative to pre-pandemic baseline, 2021
In percentages. European Union (EU) data exclude the United Kingdom (UK); the pre-pandemic baseline is based on annualized estimates of global working hours in the fourth quarter of 2019; corresponds to figure 1.4.

<table>
<thead>
<tr>
<th>Economy</th>
<th>Percentage change in 2019–21</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>0.4</td>
</tr>
<tr>
<td>Canada</td>
<td>−1.7</td>
</tr>
<tr>
<td>EU</td>
<td>−2.7</td>
</tr>
<tr>
<td>World</td>
<td>−4.3</td>
</tr>
<tr>
<td>Mexico</td>
<td>−4.7</td>
</tr>
<tr>
<td>United States</td>
<td>−5.0</td>
</tr>
<tr>
<td>UK</td>
<td>−5.0</td>
</tr>
<tr>
<td>Japan</td>
<td>−5.3</td>
</tr>
<tr>
<td>India</td>
<td>−7.2</td>
</tr>
</tbody>
</table>


### Table B.8 FDI inflows, by the world and selected major economies, 2019–20
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.5.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>1,480.6</td>
<td>963.1</td>
<td>1582.31</td>
</tr>
<tr>
<td>United States</td>
<td>225.1</td>
<td>150.8</td>
<td>367.4</td>
</tr>
<tr>
<td>China</td>
<td>141.2</td>
<td>149.3</td>
<td>181.0</td>
</tr>
<tr>
<td>EU</td>
<td>401.7</td>
<td>209.5</td>
<td>137.5</td>
</tr>
<tr>
<td>Canada</td>
<td>50.1</td>
<td>23.2</td>
<td>59.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>34.4</td>
<td>27.9</td>
<td>31.6</td>
</tr>
<tr>
<td>India</td>
<td>50.6</td>
<td>64.1</td>
<td>44.7</td>
</tr>
<tr>
<td>UK</td>
<td>45.4</td>
<td>18.2</td>
<td>27.6</td>
</tr>
<tr>
<td>Japan</td>
<td>13.8</td>
<td>10.7</td>
<td>24.6</td>
</tr>
</tbody>
</table>


### Table B.9 Global merchandise trade, annual, 2019–21
In trillions of dollars. This figure represents two-way trade, which is the overall total exports and general imports combined; corresponds to figure 1.7.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global two-way merchandise trade</td>
<td>38.3</td>
<td>35.5</td>
<td>44.8</td>
</tr>
</tbody>
</table>

### Table B.10 Global merchandise trade, quarterly (Q), 2007 Q1–2021 Q4
In trillions of dollars. Corresponds to figure 1.8.

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>6.4</td>
<td>6.9</td>
<td>7.1</td>
<td>7.8</td>
</tr>
<tr>
<td>2008</td>
<td>7.9</td>
<td>8.8</td>
<td>8.7</td>
<td>7.0</td>
</tr>
<tr>
<td>2009</td>
<td>5.5</td>
<td>5.9</td>
<td>6.5</td>
<td>7.1</td>
</tr>
<tr>
<td>2010</td>
<td>7.0</td>
<td>7.5</td>
<td>7.7</td>
<td>8.4</td>
</tr>
<tr>
<td>2011</td>
<td>8.6</td>
<td>9.3</td>
<td>9.4</td>
<td>9.3</td>
</tr>
<tr>
<td>2012</td>
<td>9.1</td>
<td>9.2</td>
<td>9.1</td>
<td>9.4</td>
</tr>
<tr>
<td>2013</td>
<td>9.1</td>
<td>9.4</td>
<td>9.4</td>
<td>9.7</td>
</tr>
<tr>
<td>2014</td>
<td>9.3</td>
<td>9.6</td>
<td>9.6</td>
<td>9.3</td>
</tr>
<tr>
<td>2015</td>
<td>8.1</td>
<td>8.3</td>
<td>8.2</td>
<td>8.2</td>
</tr>
<tr>
<td>2016</td>
<td>7.4</td>
<td>8.1</td>
<td>8.1</td>
<td>8.4</td>
</tr>
<tr>
<td>2017</td>
<td>8.3</td>
<td>8.7</td>
<td>9.0</td>
<td>9.5</td>
</tr>
<tr>
<td>2018</td>
<td>9.5</td>
<td>9.8</td>
<td>9.8</td>
<td>9.9</td>
</tr>
<tr>
<td>2019</td>
<td>9.3</td>
<td>9.5</td>
<td>9.5</td>
<td>9.7</td>
</tr>
<tr>
<td>2020</td>
<td>8.7</td>
<td>7.5</td>
<td>9.0</td>
<td>9.9</td>
</tr>
<tr>
<td>2021</td>
<td>10.1</td>
<td>11.0</td>
<td>11.2</td>
<td>11.3</td>
</tr>
</tbody>
</table>


### Table B.11 Merchandise exports, by top five global exporters, annual, 2020–21
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.9.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2,590.0</td>
<td>3,364.0</td>
</tr>
<tr>
<td>EU</td>
<td>2,210.7</td>
<td>2,577.1</td>
</tr>
<tr>
<td>United States</td>
<td>1,424.9</td>
<td>1,754.6</td>
</tr>
<tr>
<td>Japan</td>
<td>641.3</td>
<td>756.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>548.8</td>
<td>669.9</td>
</tr>
</tbody>
</table>


### Table B.12 Merchandise imports, by top five global importers, annual, 2020–21
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.10.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>2,336.0</td>
<td>2,832.9</td>
</tr>
<tr>
<td>China</td>
<td>2,066.0</td>
<td>2,687.5</td>
</tr>
<tr>
<td>European Union</td>
<td>1,961.3</td>
<td>2,492.9</td>
</tr>
<tr>
<td>Japan</td>
<td>635.5</td>
<td>769.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>569.8</td>
<td>712.4</td>
</tr>
</tbody>
</table>


### Table B.13 Commercial services exports, by services trade category, annual, 2019–21
In billions of dollars. Corresponds to figure 1.11.

<table>
<thead>
<tr>
<th>Category</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other commercial services</td>
<td>3,457</td>
<td>3,481</td>
<td>3,979</td>
</tr>
<tr>
<td>Travel</td>
<td>1,474</td>
<td>553</td>
<td>594</td>
</tr>
<tr>
<td>Transport</td>
<td>1,040</td>
<td>856</td>
<td>1,150</td>
</tr>
<tr>
<td>Goods-related services</td>
<td>231</td>
<td>196</td>
<td>219</td>
</tr>
<tr>
<td>Total</td>
<td>6,202</td>
<td>5,086</td>
<td>5,942</td>
</tr>
</tbody>
</table>

### Table B.14 Services exports by top five global exporters, annual, 2020–21
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.12.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>1,007.4</td>
<td>1,204.2</td>
</tr>
<tr>
<td>United States</td>
<td>705.6</td>
<td>771.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>383.0</td>
<td>414.9</td>
</tr>
<tr>
<td>China</td>
<td>278.1</td>
<td>392.7</td>
</tr>
<tr>
<td>India</td>
<td>202.7</td>
<td>236.3</td>
</tr>
</tbody>
</table>


### Table B.15 Services imports by top five global importers, annual, 2020–21
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 1.13.

<table>
<thead>
<tr>
<th>Economy</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>970.7</td>
<td>1,051.6</td>
</tr>
<tr>
<td>United States</td>
<td>460.3</td>
<td>541.2</td>
</tr>
<tr>
<td>China</td>
<td>377.5</td>
<td>423.8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>207.2</td>
<td>238.4</td>
</tr>
<tr>
<td>Singapore</td>
<td>203.8</td>
<td>223.3</td>
</tr>
</tbody>
</table>


### Table B.16 Share of Trade Adjustment Assistance (TAA) petitions certified by USDOL, by industry in FY 2021
In percentages. “Other” includes all industry sectors where less than 10 petitions were certified in FY 2020; corresponds to figure 2.1.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Share of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>66.8</td>
</tr>
<tr>
<td>Professional, scientific, and technical services</td>
<td>6.4</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>5.6</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>5.2</td>
</tr>
<tr>
<td>Real estate</td>
<td>3.7</td>
</tr>
<tr>
<td>Administrative and support and waste management services</td>
<td>2.6</td>
</tr>
<tr>
<td>Information</td>
<td>1.6</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1.4</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>1.4</td>
</tr>
<tr>
<td>Other</td>
<td>5.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: USDOL, ETA, email message to USITC staff, March 10, 2021.
### Table B.17 U.S. merchandise trade with major trading partners and the world, annual, 2017–21

In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.1, 6.11, 6.13, 6.15, 6.17, 6.19, 6.21, 6.23.

<table>
<thead>
<tr>
<th>Trading partner</th>
<th>Trade flow</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>Total exports</td>
<td>227.0</td>
<td>252.0</td>
<td>267.4</td>
<td>231.2</td>
<td>271.6</td>
</tr>
<tr>
<td>EU</td>
<td>General imports</td>
<td>381.6</td>
<td>426.2</td>
<td>451.8</td>
<td>415.5</td>
<td>491.3</td>
</tr>
<tr>
<td>EU</td>
<td>Merchandise trade balance</td>
<td>-154.6</td>
<td>-174.2</td>
<td>-184.4</td>
<td>-184.3</td>
<td>-219.6</td>
</tr>
<tr>
<td>UK</td>
<td>Total exports</td>
<td>56.3</td>
<td>66.5</td>
<td>69.1</td>
<td>58.4</td>
<td>61.5</td>
</tr>
<tr>
<td>UK</td>
<td>General imports</td>
<td>53.3</td>
<td>60.7</td>
<td>63.3</td>
<td>50.3</td>
<td>56.4</td>
</tr>
<tr>
<td>UK</td>
<td>Merchandise trade balance</td>
<td>3.0</td>
<td>5.8</td>
<td>5.8</td>
<td>8.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Mexico</td>
<td>Total exports</td>
<td>243.6</td>
<td>266.0</td>
<td>256.3</td>
<td>211.5</td>
<td>276.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>General imports</td>
<td>312.7</td>
<td>343.7</td>
<td>356.2</td>
<td>325.2</td>
<td>384.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>Merchandise trade balance</td>
<td>-69.1</td>
<td>-77.7</td>
<td>-99.8</td>
<td>-113.7</td>
<td>-108.2</td>
</tr>
<tr>
<td>Canada</td>
<td>Total exports</td>
<td>282.8</td>
<td>299.7</td>
<td>292.8</td>
<td>255.4</td>
<td>307.0</td>
</tr>
<tr>
<td>Canada</td>
<td>General imports</td>
<td>299.1</td>
<td>318.6</td>
<td>318.8</td>
<td>270.3</td>
<td>357.2</td>
</tr>
<tr>
<td>Canada</td>
<td>Merchandise trade balance</td>
<td>-16.3</td>
<td>-18.8</td>
<td>-26.0</td>
<td>-14.9</td>
<td>-50.2</td>
</tr>
<tr>
<td>China</td>
<td>Total exports</td>
<td>130.0</td>
<td>120.3</td>
<td>106.4</td>
<td>124.5</td>
<td>151.1</td>
</tr>
<tr>
<td>China</td>
<td>General imports</td>
<td>505.2</td>
<td>538.5</td>
<td>450.8</td>
<td>434.7</td>
<td>506.4</td>
</tr>
<tr>
<td>China</td>
<td>Merchandise trade balance</td>
<td>-375.2</td>
<td>-418.2</td>
<td>-344.3</td>
<td>-310.3</td>
<td>-355.3</td>
</tr>
<tr>
<td>Japan</td>
<td>Total exports</td>
<td>67.6</td>
<td>75.2</td>
<td>74.5</td>
<td>63.8</td>
<td>75.0</td>
</tr>
<tr>
<td>Japan</td>
<td>General imports</td>
<td>136.4</td>
<td>142.2</td>
<td>143.6</td>
<td>119.5</td>
<td>135.1</td>
</tr>
<tr>
<td>Japan</td>
<td>Merchandise trade balance</td>
<td>-68.8</td>
<td>-67.1</td>
<td>-69.1</td>
<td>-55.7</td>
<td>-60.2</td>
</tr>
<tr>
<td>India</td>
<td>Total exports</td>
<td>25.6</td>
<td>33.2</td>
<td>34.2</td>
<td>27.1</td>
<td>40.1</td>
</tr>
<tr>
<td>India</td>
<td>General imports</td>
<td>48.5</td>
<td>54.2</td>
<td>57.9</td>
<td>51.2</td>
<td>73.3</td>
</tr>
<tr>
<td>India</td>
<td>Merchandise trade balance</td>
<td>-22.9</td>
<td>-21.1</td>
<td>-23.7</td>
<td>-24.1</td>
<td>-33.1</td>
</tr>
<tr>
<td>World</td>
<td>Total exports</td>
<td>1,547.2</td>
<td>1,665.8</td>
<td>1,642.8</td>
<td>1,424.9</td>
<td>1,753.9</td>
</tr>
<tr>
<td>World</td>
<td>General imports</td>
<td>2,339.6</td>
<td>2,536.1</td>
<td>2,493.7</td>
<td>2,336.0</td>
<td>2,832.9</td>
</tr>
<tr>
<td>World</td>
<td>Merchandise trade balance</td>
<td>-792.4</td>
<td>-870.4</td>
<td>-850.9</td>
<td>-911.1</td>
<td>-1,078.9</td>
</tr>
</tbody>
</table>


### Table B.18 U.S. merchandise exports, quarterly (Q), 2020–21

In billions of dollars. Corresponds to figure 6.2.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>392.2</td>
<td>403.2</td>
</tr>
<tr>
<td>Q2</td>
<td>289.9</td>
<td>436.8</td>
</tr>
<tr>
<td>Q3</td>
<td>351.7</td>
<td>434.0</td>
</tr>
<tr>
<td>Q4</td>
<td>479.9</td>
<td>391.2</td>
</tr>
</tbody>
</table>


### Table B.19 U.S. merchandise imports, quarterly (Q), 2020–21

In billions of dollars. Corresponds to figure 6.3.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>569.2</td>
<td>635.9</td>
</tr>
<tr>
<td>Q2</td>
<td>509.0</td>
<td>700.6</td>
</tr>
<tr>
<td>Q3</td>
<td>610.2</td>
<td>728.0</td>
</tr>
<tr>
<td>Q4</td>
<td>647.6</td>
<td>768.4</td>
</tr>
</tbody>
</table>

### Table B.20 Leading markets for U.S. merchandise total exports, by share, 2021
In percentages. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.4.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>15.5</td>
</tr>
<tr>
<td>Canada</td>
<td>17.5</td>
</tr>
<tr>
<td>Mexico</td>
<td>15.8</td>
</tr>
<tr>
<td>China</td>
<td>8.6</td>
</tr>
<tr>
<td>Japan</td>
<td>4.3</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.7</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>3.5</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2.1</td>
</tr>
<tr>
<td>India</td>
<td>2.3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>All other trading partners</strong></td>
<td><strong>26.1</strong></td>
</tr>
</tbody>
</table>


### Table B.21 Leading markets for U.S. merchandise general imports, by share, 2021
In percentages. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.5.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>17.3</td>
</tr>
<tr>
<td>Canada</td>
<td>12.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>13.6</td>
</tr>
<tr>
<td>China</td>
<td>17.9</td>
</tr>
<tr>
<td>Japan</td>
<td>4.8</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.4</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>2.7</td>
</tr>
<tr>
<td>India</td>
<td>2.6</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>All other trading partners</strong></td>
<td><strong>19.6</strong></td>
</tr>
</tbody>
</table>

**Table B.22** U.S. total services trade with major trading partners and the world, annual, 2017–21
In billions of dollars. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.6, 6.12, 6.14, 6.16, 6.18, 6.20, 6.22, 6.24.

<table>
<thead>
<tr>
<th>Trading partner</th>
<th>Trade flow</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>Exports</td>
<td>260.2</td>
<td>269.0</td>
<td>277.0</td>
<td>172.8</td>
<td>192.3</td>
</tr>
<tr>
<td></td>
<td>Imports</td>
<td>193.6</td>
<td>196.7</td>
<td>207.9</td>
<td>111.3</td>
<td>132.8</td>
</tr>
<tr>
<td>EU</td>
<td>Services trade balance</td>
<td>66.5</td>
<td>72.3</td>
<td>69.0</td>
<td>61.5</td>
<td>59.6</td>
</tr>
<tr>
<td>UK</td>
<td>Exports</td>
<td>74.7</td>
<td>78.8</td>
<td>77.7</td>
<td>62.7</td>
<td>67.1</td>
</tr>
<tr>
<td>UK</td>
<td>Imports</td>
<td>60.0</td>
<td>62.2</td>
<td>62.8</td>
<td>52.5</td>
<td>55.5</td>
</tr>
<tr>
<td>UK</td>
<td>Services trade balance</td>
<td>14.7</td>
<td>16.6</td>
<td>14.9</td>
<td>10.2</td>
<td>11.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>Exports</td>
<td>31.8</td>
<td>32.9</td>
<td>32.7</td>
<td>23.4</td>
<td>29.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>Imports</td>
<td>27.6</td>
<td>28.3</td>
<td>30.5</td>
<td>17.2</td>
<td>27.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>Services trade balance</td>
<td>4.2</td>
<td>4.5</td>
<td>2.2</td>
<td>6.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Canada</td>
<td>Exports</td>
<td>65.1</td>
<td>68.7</td>
<td>69.5</td>
<td>53.7</td>
<td>55.0</td>
</tr>
<tr>
<td>Canada</td>
<td>Imports</td>
<td>36.3</td>
<td>38.3</td>
<td>38.7</td>
<td>29.3</td>
<td>30.6</td>
</tr>
<tr>
<td>Canada</td>
<td>Services trade balance</td>
<td>28.9</td>
<td>30.4</td>
<td>30.8</td>
<td>24.4</td>
<td>24.4</td>
</tr>
<tr>
<td>China</td>
<td>Exports</td>
<td>56.1</td>
<td>58.5</td>
<td>59.4</td>
<td>40.4</td>
<td>36.2</td>
</tr>
<tr>
<td>China</td>
<td>Imports</td>
<td>18.0</td>
<td>18.9</td>
<td>19.8</td>
<td>15.6</td>
<td>20.8</td>
</tr>
<tr>
<td>China</td>
<td>Services trade balance</td>
<td>38.1</td>
<td>39.6</td>
<td>39.5</td>
<td>24.8</td>
<td>15.4</td>
</tr>
<tr>
<td>Japan</td>
<td>Exports</td>
<td>46.0</td>
<td>46.7</td>
<td>49.7</td>
<td>37.8</td>
<td>36.6</td>
</tr>
<tr>
<td>Japan</td>
<td>Imports</td>
<td>35.0</td>
<td>35.2</td>
<td>36.0</td>
<td>30.9</td>
<td>31.7</td>
</tr>
<tr>
<td>Japan</td>
<td>Services trade balance</td>
<td>11.0</td>
<td>11.5</td>
<td>13.7</td>
<td>7.0</td>
<td>4.9</td>
</tr>
<tr>
<td>India</td>
<td>Exports</td>
<td>22.3</td>
<td>22.6</td>
<td>23.6</td>
<td>16.4</td>
<td>16.7</td>
</tr>
<tr>
<td>India</td>
<td>Imports</td>
<td>28.3</td>
<td>29.7</td>
<td>29.7</td>
<td>25.9</td>
<td>29.0</td>
</tr>
<tr>
<td>India</td>
<td>Services trade balance</td>
<td>-6.1</td>
<td>-7.1</td>
<td>-6.1</td>
<td>-9.5</td>
<td>-12.3</td>
</tr>
<tr>
<td>World</td>
<td>Exports</td>
<td>833.8</td>
<td>861.7</td>
<td>876.3</td>
<td>705.6</td>
<td>771.2</td>
</tr>
<tr>
<td>World</td>
<td>Imports</td>
<td>547.2</td>
<td>563.9</td>
<td>591.1</td>
<td>460.3</td>
<td>541.2</td>
</tr>
<tr>
<td>World</td>
<td>Services trade balance</td>
<td>286.6</td>
<td>297.8</td>
<td>285.2</td>
<td>245.3</td>
<td>230.0</td>
</tr>
</tbody>
</table>


**Table B.23** U.S. total services exports, quarterly (Q), 2020–21
In billions of dollars. Corresponds to figure 6.7.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>199.3</td>
<td>181.6</td>
</tr>
<tr>
<td>Q2</td>
<td>165.2</td>
<td>191.0</td>
</tr>
<tr>
<td>Q3</td>
<td>166.4</td>
<td>194.0</td>
</tr>
<tr>
<td>Q4</td>
<td>174.7</td>
<td>204.7</td>
</tr>
</tbody>
</table>


**Table B.24** U.S. total services imports, quarterly (Q), 2020–21
In billions of dollars. Corresponds to figure 6.8.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>133.2</td>
<td>118.6</td>
</tr>
<tr>
<td>Q2</td>
<td>100.5</td>
<td>128.2</td>
</tr>
<tr>
<td>Q3</td>
<td>108.2</td>
<td>144.2</td>
</tr>
<tr>
<td>Q4</td>
<td>118.4</td>
<td>150.2</td>
</tr>
</tbody>
</table>

### Table B.25 Leading markets for U.S. total services exports, by share, 2021

In percentages. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.9.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Share of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>24.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>8.7</td>
</tr>
<tr>
<td>Canada</td>
<td>7.1</td>
</tr>
<tr>
<td>Japan</td>
<td>4.7</td>
</tr>
<tr>
<td>China</td>
<td>4.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>3.5</td>
</tr>
<tr>
<td>South Korea</td>
<td>2.5</td>
</tr>
<tr>
<td>India</td>
<td>2.2</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.0</td>
</tr>
<tr>
<td>All other trading partners</td>
<td>35.7</td>
</tr>
</tbody>
</table>


### Table B.26 Leading markets for U.S. total services imports, by share, 2021

In percentages. European Union (EU) data exclude the United Kingdom (UK); corresponds to figure 6.10.

<table>
<thead>
<tr>
<th>Trading Partner</th>
<th>Share of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>24.5</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10.3</td>
</tr>
<tr>
<td>Japan</td>
<td>5.8</td>
</tr>
<tr>
<td>Canada</td>
<td>5.7</td>
</tr>
<tr>
<td>India</td>
<td>5.4</td>
</tr>
<tr>
<td>Mexico</td>
<td>5.1</td>
</tr>
<tr>
<td>China</td>
<td>3.8</td>
</tr>
<tr>
<td>Singapore</td>
<td>2.3</td>
</tr>
<tr>
<td>South Korea</td>
<td>2.2</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.1</td>
</tr>
<tr>
<td>All other trading partners</td>
<td>32.8</td>
</tr>
</tbody>
</table>
